

APPROVED BY:
General Shareholders' Meeting
of PJSC «EL5-Energo» June ____, 2023
Minutes No. ____ dated June ____, 2023

PREAPPROVED BY:
the Board of Directors of PJSC «EL5-Energo»
May ____, 2023
Minutes No.____/23 dated May ____, 2023

**ANNUAL REPORT
OF PUBLIC JOINT STOCK COMPANY
«EL5-Energo»
2022**

General Director
of PJSC «EL5-Energo»

____ ____, 2023 _____/_____

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Address

Dear PJSC «EL5-Energo» shareholders,
I am pleased to share the PJSC EL5-Energo's 2022 Annual Report with you.

The past year was challenging both for the Russian power industry and for the fuel and energy sector in general. We all have faced a number of unprecedented external challenges. There have also been a number of corporate changes in our company. Besides the renaming to PJSC «EL5-Energo», the key event of 2022 was the change of the majority shareholder in connection with the decision of the previous one to sell its stake. Now the controlling stake belongs to PJSC «LUKOIL», one of the world's largest public oil and gas corporations, as well as the company with an extensive expertise in the power industry.

About the results. In 2022 we recorded a slight 4% decrease in electricity generation by our power plants due to the high base of 2021 and their lower load by the system operator. Heat sales in 2022 remained virtually unchanged year-on-year. At the same time, the company's revenue under IFRS increased by 5% up to 50.5 billion rubles. This happened due to a significant growth of revenue from the capacity sales, primarily caused by an increase in the price of KOM, as well as the operation of the Azovskaya WPP throughout the year and the launch of the first stage of the Kolskaya WPP in December 2022. EBITDA increased by 19% up to 9.4 billion rubles. At the same time, net profit was affected by an impairment carried out in accordance with applied international standards and showed a negative result. The company's net debt increased due to continued capital expenditures and investments in the completion of other projects, primarily the Kolskaya WPP.

Despite the economic instability and the withdrawal of foreign partners from the Russian market, we were able to complete one of the most ambitious projects in the field of country's green generation: on December 1, 2022, the first stage of the Kolskaya WPP (170 MW), the largest wind farm in the world beyond the Arctic Circle, was put into commercial operation. The project is striking in its scale. In the conditions of the Far North, 57 wind turbines were built on an area of 257 ha, 56 km of roads were erected, 75 km of underground cable lines were stretched, almost as much power lines were built, and a power substation was built. Overall, two million man-hours were spent on work. Since March 1, 2023, we have commissioned the second stage and now the wind farm is operating at full capacity of 201 MW. Green Arctic energy is supplied to consumers on the Kola Peninsula and beyond!

Speaking about thermal generation, I think it is especially important to note that compared to 2021, we managed to reduce the accident rate of equipment by almost half, which is a consequence of active preventive works and timely repairs. The company continues implementation of modernization projects within the framework of the KOMMod at blocks 6 and 7 of the Sredneurskaya GRES. In particular, in 2022, design works were carried out on block 7, which will allow starting of the active phase of construction and installation works in 2023. We have successfully passed the autumn-winter heating periods of 2021-2022 and 2022-2023. This was confirmed by the Ministry of Energy of the Russian Federation. Also the company continued to work on reducing cooling water consumption, reducing specific fuel consumption, improving compliance with labor and industrial safety, environmental and quality requirements, while applying the most modern technologies and innovative solutions. An important contribution to the environment was the last year project on the elimination of the sludge dump at the Konakovskaya GRES. Thanks to this project, it was possible to significantly optimize the production processes of the power plant, release, restore and reclaim 8 ha of land previously occupied by waste.

Our main priority for the coming year is the adaptation to new external realities in order to continue the implementation of the planned projects and maintain a high level of quality and safety in all areas of our activities. This concerns labor and industrial safety, where an important achievement is the zero accidents in 2022 at all branches of the company. This result became possible due to the constant work with the personnel and our contractors aimed at improving the safety culture. Our work with the personnel was highly appreciated by the external expert community – we took third place in the first ranking of the best employers in Russia, prepared by the RBC Holding. At the same time, PJSC «EL5-Energo» became the leader among all energy companies noted in this rating. This is a worthy assessment of our responsible social policy and incessant work on the improvement of corporate climate, improvement of collective agreements and the staff potential development. Why are we doing this? Because the commitment to high standards of sustainable development, which we talk about separately in the dedicated Report on sustainable development, produces result not only in the form of first places in the ESG ratings, but also in fostering a culture of a socially responsible company.

One of the significant events of the past year was the painless change of the majority shareholder: in this connection our team and social obligations were preserved, the implementation of current projects continues, new ones are in development.

A sustainable approach is also applied in important financial decisions. Speaking about the further development plans of PJSC «EL5-Energo», it is important to note the fulfillment of the obligations assumed earlier for the implementation of major investment projects, primarily the above-mentioned modernization

projects. We are actively working on projects aimed at optimizing and maintaining reliable operation of generating equipment. At the same time, our key task is to reduce the company's debt load in order to increase its financial stability and investment attractiveness. The entire free cash flow of the company will be directed to debt reduction.

And in conclusion, I would like to express my gratitude to the PJSC «EL5-Energo» employees, who, in conditions of turbulence, continues to act as a single cohesive mechanism and fulfill the most important task – to work qualitatively for the benefit of the company, its shareholders and the country as a whole, providing reliable supplies of electricity and heat to enterprises and people's homes.

*Alibek Tnalin,
General Director*

About the report

This annual report includes an overview of the results of activities and key events of Public Joint Stock Company «EL5-Energo» and its subsidiaries for 2022. The annual report contains information about their strategic plans, priorities and objectives of development, as well as results of activities for the reporting year.

In the report, the concepts of PJSC «EL5-Energo» group, «group» in various forms are understood to be the group of company of PJSC «EL5-Energo» (PJSC «EL5-Energo» and its subsidiaries). The term «company» means PJSC «EL5-Energo».

The report is prepared in accordance with the following documents and standards:

- Corporate Governance Code of the Russian Federation;
- Regulation of the Bank of Russia No. 714-П "On disclosure of information by issuers of equity securities" dated March 27, 2020;
- Letter of the Bank of Russia No. ИИ-06-28/102 "On disclosure in the annual report of the public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated December 27, 2021;
- Regulation on Information Policy of the company.

Limitations of the Report

The annual report contains information on results of financial and operational activities and a summary of achievements in sustainability for 2022. The report is issued on an annual basis, the report for the previous period was published on June 9, 2022.

Starting with reporting on the results of 2021, the company issues two reports: annual report and sustainability report. In previous years the company issued a consolidated report.

Operational and financial indicators are reflected on a consolidated basis and include the results of financial and operating activities of PJSC «EL5-Energo» and its subsidiaries. Some sections of the report represent data only for PJSC «EL5-Energo» or there is an additional comment about the approach used. The section "Sustainability and ESG aspects management" presents data on the activities of PJSC «EL5-Energo» and its subsidiaries related to the power generation perimeter: LLC Azov WPS and LLC Kola WPS.

When preparing the annual report, the following was used:

- consolidated financial statements of PJSC «EL5-Energo» prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2022;
- accounting (financial) statements of PJSC «EL5-Energo» prepared according to Russian Accounting Standards for 2022;
- management reporting data;
- information from open sources.

Driving the world of energy

About the company

Mission and Values

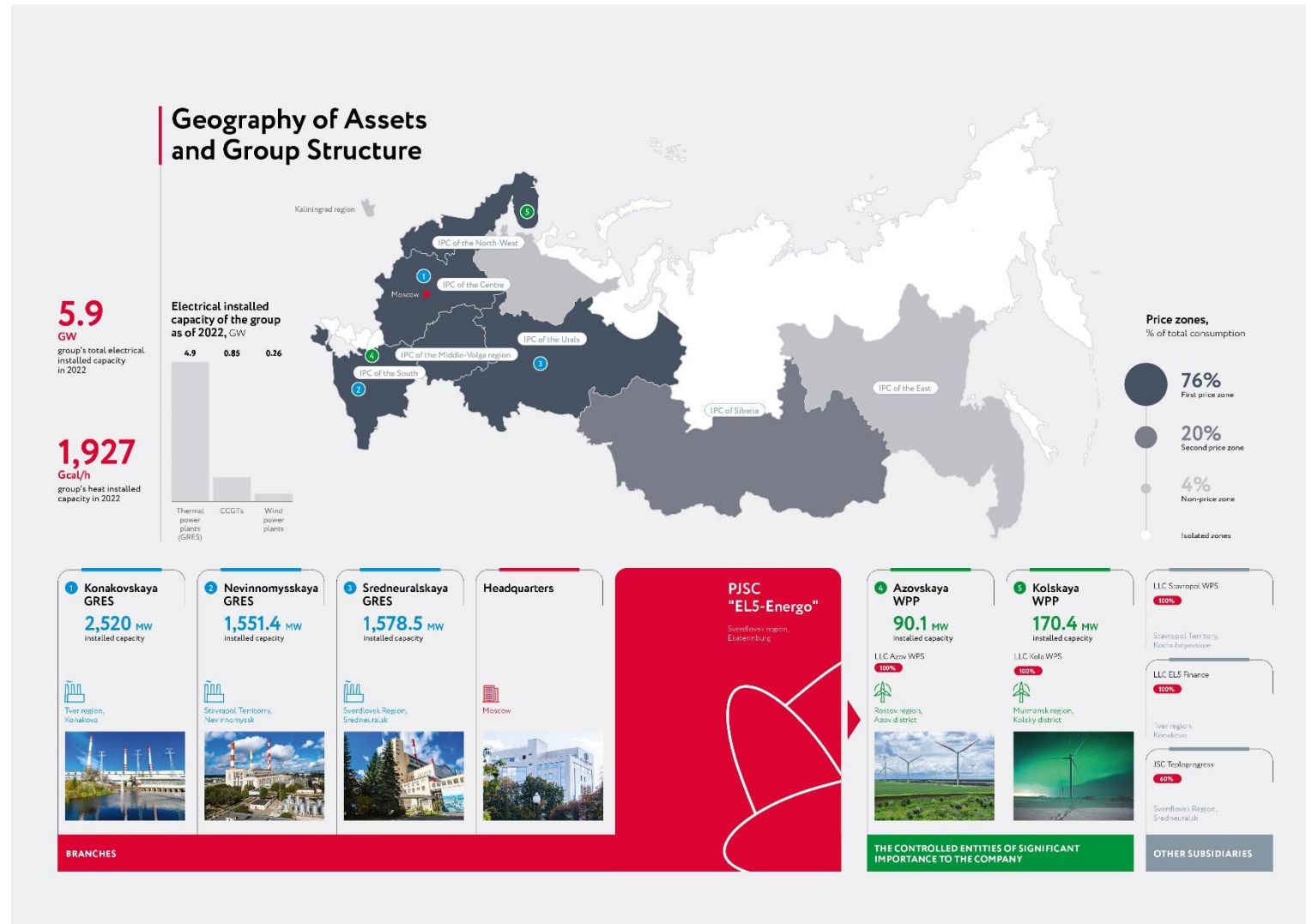


Our history

December 2022	PJSC «LUKOIL» becomes the controlling entity of the company with a share in the authorized capital of 56.43 percent.
December 2022	Putting into commercial operation of the first stage of Kolskaya WPP.
December 2021	<p>The total installed capacity of the company increased by 21.2 MW as a result of the CCGT modernization project of Nevinnomysskaya GRES, implemented in 2020, and successful certification in 2021.</p> <p>Completion of the second stage of the project for the construction of treatment facilities at Sredneuralskaya GRES.</p>
May 2021	Commissioning of Azovskaya WPP.
July 2020	Transfer of property of Reftinskaya GRES to «Kuzbassenergo» JSC.
January 2020	Three projects of the company were selected based on the results of the second selection of projects under the program of modernization of thermal power plants: two projects are related to Sredneuralskaya GRES, and one more project is related to Nevinnomysskaya GRES.
September 2019	The beginning of construction in the Murmansk Region of Kolskaya WPP with a capacity of 201 MW.
June 2019	The project of the company to modernize the equipment at Nevinnomysskaya GRES was selected by the Government of the Russian Federation as part of the modernization program for thermal power plants.
May 2019	The beginning of construction of wind fleet of Azovskaya WPP with a capacity of 90 MW in the Rostov Region.

June 2017	The company was awarded the tender for the construction of two wind farms with a total installed capacity of 291 MW (Azovskaya WPP and Kolskaya WPP) under the Russian Government's tender for the construction of wind power generation facilities.
September 2015	The project of dry ash removal system at Reftinskaya GRES was implemented. At the time of its commissioning it was the first such system introduced at a power plant in Russia.
September 2013	Commissioning of a new water disinfection unit at Sredneuralskaya GRES to replace and remove liquid chlorine from the operation cycle.
July 2011	Commissioning of new 410 MW combined cycle units (CCGT-410) at Nevinnomysskaya and Sredneuralskaya GRES.
June 2007	Enel Investment Holding B.V., a subsidiary of Enel Group, became a Company's shareholder with a 25.03% share. In the following years, the share of Enel Investment Holding B.V. increased to 56.43% and was handed over to Enel S.p.A. in 2018.
April 2006	End of reorganization of the Company in the form of joining of «Konakovskaya GRES» OJSC and «Nevinnomysskaya GRES» OJSC to the Company.
October 2004	Creation of the Company on the grounds of the decree of the Executive Board of RAO «UES of Russia» OJSC. The authorized capital at the establishment was paid by the property of Reftinskaya GRES and Sredneuralskaya GRES, shares of «Konakovskaya GRES» OJSC and «Nevinnomysskaya GRES» OJSC.

Geography of Assets and Group structure



Business Model

Business Model

When developing the business model, we took into account the recommendations of the International Standard <OI> (International standard for Integrated Reporting).

Outside the company's influence

Our Capital

Industrial

- Thermal power plants (including at the modernization stage)
- Wind power plants (including under construction)
- Wide supply chain (rating and qualification of suppliers)

Resource

- Gas
- Wind power
- Fuel oil (as a back-up fuel)
- Water

Finance

- Debt financing (loans, bonds)
- Own funds (shares)

Human

- High qualified technician
- Competent and experienced management
- Continuous training and development of the employees

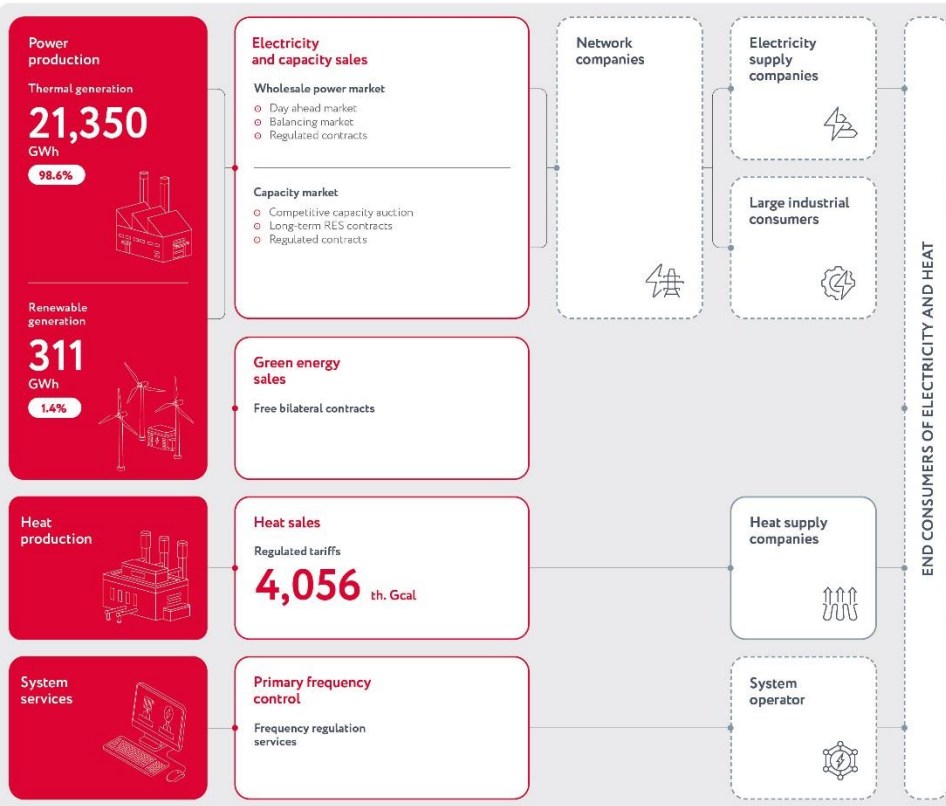
Social and Reputational

- Reputation:
- of a reliable partner for the state and business
 - of a responsible partner for the local community

Intelligent

- Advanced technical knowledge base
- Access to LUKOIL group expertise
- An active attitude to promote sustainability
- Development of an innovative approach and digitalization

Our Business Activities



Our Created Value

Industrial

- Stable supply of power, capacity and heat
- Investments in renewable energy sources and modernization
- Energy efficiency and reliability of supplies
- Localization of components production for renewable generation
- Modernization of equipment, application of innovative technologies during maintenance

Resource

- Reduction of specific fuel consumption
- Responsible use of resources and waste recycling
- Reducing the carbon footprint

Finance

- Stable financial results
- Rewarding of the shareholders
- Payment of taxes

Human

- Responsible employer
- Competitive compensation package
- Development and training programs

Social and Reputational

- Social investment and local community development
- Good corporate governance

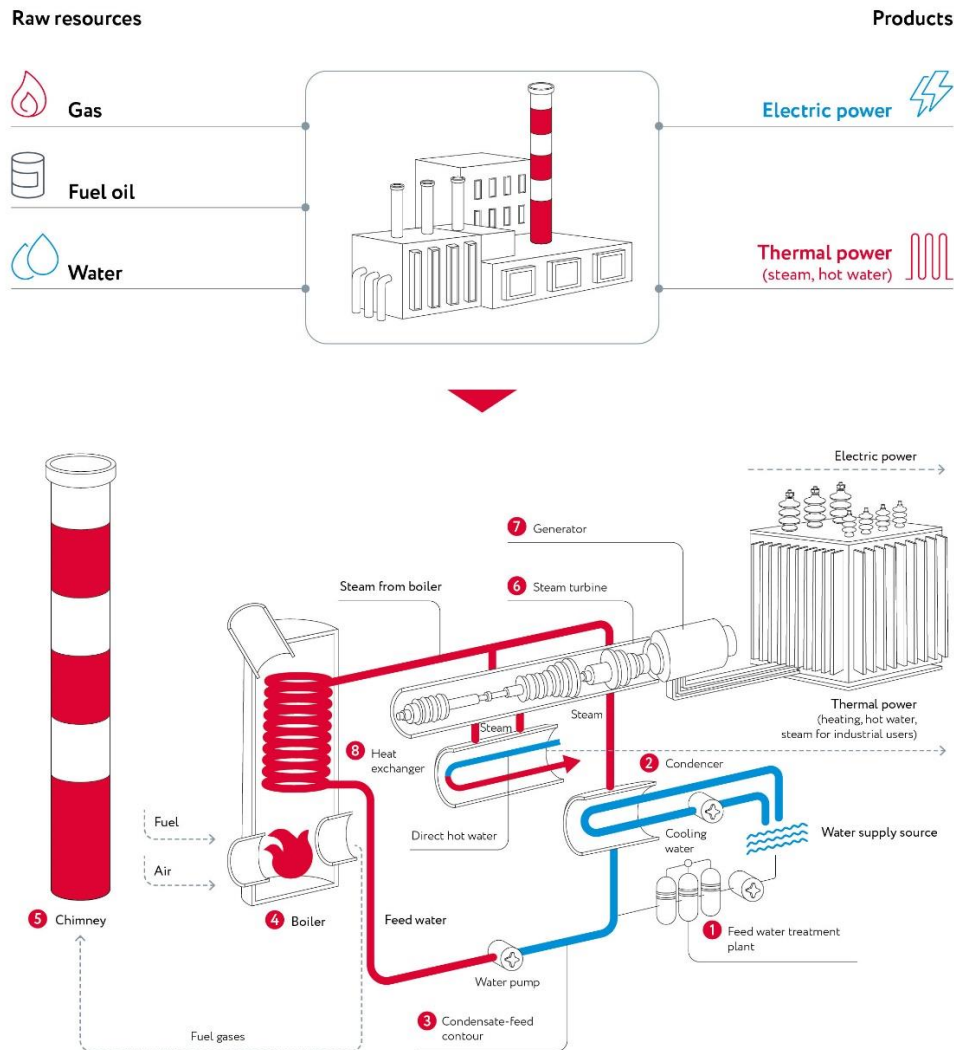
Intelligent

- Cooperation with innovative startups
- Partnership with research institutes
- Distribution of knowledge about sustainability

Our Profile – Energy

Thermal generation

Thermal generation scheme



Thermal power plant is a power plant that converts the chemical energy of fuel (by combustion) into electrical energy or electrical energy and heat (in the case of our power plants, the main fuel is natural gas, the reserve fuel is fuel oil). The generated energy is used to supply industrial and domestic consumers with electricity, steam, hot water, and heat during the heating season.

This happens as follows: water taken from an external water source through a pipeline system enters the **feed water treatment plant** (1) located in the chemical shop of the power plant. There, water is cleaned from mechanical impurities and goes to the groups of filters. Some of the filters are responsible for the preparation of demineralized water necessary for the operation of power units and generation of power, while the other is responsible for purifying water to feed the district heating network and produce hot water. The water cycle of power units, as well as the district heating cycle (supply of heat for heating systems of consumers), is closed, that is, water is reused in it an unlimited number of times, replenished with the required amount if necessary.

The demineralized water is mixed with the main condensate after the **condenser** (2) and transfer pumps send it through the **condensate-feed contour** (3), which includes a number of low-pressure heaters, a deaerator (a device designed to remove oxygen and carbon dioxide that cause metal corrosion), high pressure heaters.

In the **boiler** (4), the feed water is heated to the state of superheated (live) steam with a temperature exceeding 500 °C. To do this, fuel is burned in the boiler furnace, being mixed with preheated air before supply. As a result, the feed water, heated in the heating surfaces of the boiler by the products of fuel

combustion, turns into the superheated steam, and the resulting flue gases are discharged into the **chimney** (5) and dissipated into the atmosphere at an altitude of 60 to 250 m.

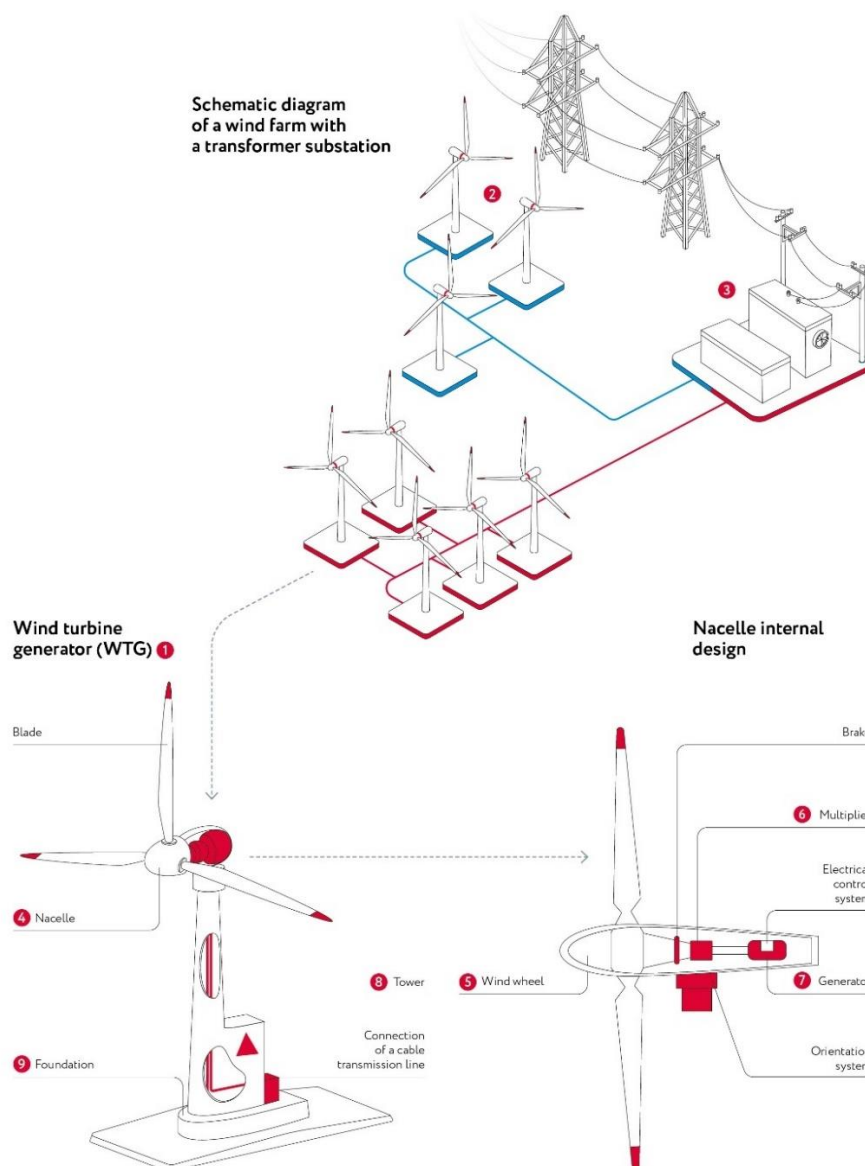
Then the steam from the boiler enters the **steam turbine** (6) connected to the rotor of the generator. At this stage, the thermal energy of the steam flow is converted into mechanical energy of rotation of the steam turbine rotor, driving the rotor of the **generator** (7), which converts mechanical energy into electrical energy due to the rotation of the magnetized rotor winding in the generator stator winding. As a result of this physical process, we receive an alternating electric current, which is then transferred to the unified energy system of Russia.

The steam exhausted in the turbine is sent to the **condenser** (2), where it is cooled by heat exchange with cooling water coming from an external water source and turns into condensate, which is sent back to the production cycle.

Our thermal power plants produce not only electrical energy, but also heat. To heat water intended for hot water supply and heating purposes, a part of the steam from the turbine is used, which is supplied to the **heat exchangers** (8) through special bleeds. Also, steam from extractions of a certain pressure and temperature can be sent to the technological cycle of an industrial enterprise located in close proximity to the power plant.

Wind generation

Wind generation scheme



Wind farm is a facility that generates electricity from renewable sources. Equipment that converts the power of the wind into electrical energy are **wind turbine generators (WTG)** (1). The number of WTGs that make up one wind farm depends on the installed capacity of each generator and the total installed capacity of the wind farm. WTGs are combined into groups – **collectors** (2), each of which, in turn, is connected to an **electrical substation** (3).

The conversion of wind energy into electrical energy occurs due to the mechanisms located in the **WTG nacelle** (4). The nacelle is the main technological element of the WTG, it is inside it that the main equipment and systems of the WTG are located: a shaft connected at one end to a **wind wheel** (5), and at the other end to a **multiplier** (6), to which an electric **generator** (7) is connected. In addition, there is also a system of electric drives necessary for orienting the nacelle in the direction of the wind, a step-up transformer and control system cabinets. Meteorological sensors are installed on the roof of the nacelle, measuring the direction and speed of the wind.

The **wind wheel** (5), consisting of a hub and three blades, under the influence of wind flows, begins to rotate the low-speed shaft, then with the help of the **multiplier** (6), the rotation is transmitted to the **generator** (7). Thanks to the multiplier, the speed of rotation of the high-speed shaft becomes sufficient for the stable operation of the **generator** (7). It is the generator that is responsible for converting the mechanical energy of the rotating shaft into the electrical energy we need. After the **generator** (7), a step-up transformer is installed inside the nacelle, which increases the voltage, making it possible to reduce the loss of electricity during transmission to the step-up electrical substation.

In order for the blades of the wind wheel, blown by wind flows, to be able to rotate freely, the **WTG nacelle** (4) is fixed at the top of the **tower** (8) by means of a mechanical system that ensures the rotation of the nacelle (yaw system), which is a hollow metal cylinder (with a diameter of more than 3 m) , inside which there are cables for power transmission, cables for control and communication systems, as well as an elevator for lifting and lowering personnel and equipment and ladders that are a backup way of lifting and lowering personnel.

The **tower** (8) is fixed on the **foundation** (9) – a base shaped like a large hockey puck located underground (at a depth of about 3 m). The foundation ensures stable position of the WTG during operation under conditions of maximum wind loads.

Company in figures

Operating performance			
20.5 TWh net electricity output, including 0.3 TWh output with RES	23.2 TWh Electricity sales	63.4 GW Capacity sales	4.1 mln Gcal Heat sales
Financial performance			
50,5 bln rubles Revenue	9,4 bln rubles EBITDA	3,3 bln rubles Net income from core activities	29,8 bln rubles Net debt
Key Sustainability Results			
1,461 Persons employee headcount	0 Accident frequency rate	438 g / kWh CO ₂ emission intensity	123.3 ths beneficiaries

Corporate governance

89% recommendations of the Corporate Governance Code are respected in full	To 8 of 11 independent members to the Board of Directors	21 meeting of the Board of Directors	44 meetings of the Committees of the Board of Directors
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Events calendar

First quarter

January 12, 2022. Nevinnomysskaya GRES completed the modernization of boiler No. 5 with a capacity of 480 t/h, which is technologically connected to turbine No. 4 with a capacity of 50 MW. The project was selected in June 2019 by the decision of the Government Commission for the Development of the Electric Power Industry among thermal generation modernization projects based on the results of the first competitive selection for 2022–2024.

February 3, 2022. Publication of performance indicators for 2021.

March 16, 2022. Publication of financial results for 2021 and financial forecasts for 2022.

Second quarter

April 28, 2022. Publication of financial results for the first quarter of 2022.

April 29, 2022. The Board of Directors of the company decided to elect Zhanna Igorevna Sedova as the General Director from May 1, 2022.

May 1, 2022. One year has passed since the launch into commercial operation of the Azovskaya WWP. During this time, the wind farm generated 266 million kWh of electricity, which allowed avoiding emissions of 216 thousand tons of carbon dioxide into the atmosphere.

May 20–27, 2022. As part of the “Water Safety” campaign, health and safety specialists from Sredneuralskaya, Konakovskaya and Nevinnomysskaya GRES conducted a series of open lessons on water safety for more than 2,000 schoolchildren. For more information on working with local communities, see the Sustainability Report.

June 7, 2022. The Company held an annual General Meeting of Shareholders in absentia.

Third quarter

July 28, 2022. Publication of performance figures for the six months of 2022.

September 16, 2022. Konakovskaya GRES held an event dedicated to the completion of the remediation of the sludge dump - one of the largest environmental projects implemented at the power plant. For more information on environmental management, see the Sustainability Report.

September 18, 2022. The low-pressure rotor of the legendary K-160 steam turbine, dismantled from the CCGT-170 of Nevinnomysskaya GRES, was transferred as an art object to the Nevinnomyssk Power Engineering College as part of the celebration of the City Day.

September 29, 2022. Publication of financial results for the six months of 2022.

Fourth quarter

October 7, 2022. Konakovskaya GRES specialists completed the scheduled maintenance of the power unit No. 3 with an installed capacity of 325 MW.

November 1, 2022. Publication of financial results for the nine months of 2022.

November 9, 2022. The company obtained a Certificate of Readiness to work in the 2022–2023 heating season.

November 25, 2022. The Extraordinary General Meeting of Shareholders decided to elect a new composition of the Board of Directors, as well as to approve the company's Charter in a new edition, which implies changing the company name from PJSC Enel Russia to PJSC «EL5-Energo».




December 1, 2022. The company received a permission to put into commercial operation the first stage with a capacity of 170 MW (84 percent of the design capacity) of Kolskaya WPP (design capacity 201 MW), the largest wind farm in the world beyond the Arctic Circle.

December 5, 2022. PJSC «LUKOIL» becomes the controlling entity of the company.

December 9, 2022. The Board of Directors of the company decided to elect Alibek Aibekovich Tnalin for the position of General Director.

December 26, 2022. The company has concluded an agreement on the supply of green electricity generated by a wind farm to PJSC NOVATEK.



Our ratings


	Credit rating ruA+
	Category I (high level) of the ESG-index
	The highest quality of the annual report (score five out of five)

Our rankings

	Third place among Russian employers and a leader in the energy industry
	Top 20 leaders in the field of corporate governance in the National Corporate Governance Index: Disclosure – 2022
	First place in the overall ESG-ranking from January to September 2022 and second place in October - December 2022
	Second place in the ESG-ranking of the Russian companies in the industrial sector
	Third place in the ESG-transparency ranking (among generating companies as of the end of 2022)

Our awards

	Third place in the nomination “ The best annual report of a company with the capitalization of up to 40 bln rubles ” of the anniversary XXV Annual Reports Competition 2022
	The winner in the nominations “Best Disclosure of the Economic Impact Issues” and “Best Disclosure of Business Ethics” of the “Change management. Visionaries” Award

	<p>The winner in the nomination "Contribution to the development of ESG culture" ¹</p>
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Our Activities

Solid performance amid challenging external conditions

Position in the industry

According to JSC SO UES, consumption growth in the UES of Russia in 2022 amounted to +1.5 percent compared to 2021. However, the past year was also characterized by an increase in the generation of NPPs and HPPs, which led to a decrease in the generation of TPPs both in general throughout the entire UES and in the thermal portfolio of the group, in line with the expectations of the company. Nevertheless, considering the lagging dynamics of the DAM price to the gas tariff growth, the company managed to show a positive trend in the main financial indicators.

Despite the difficult geopolitical situation, which in the short term affected the supply, maintenance and service of imported equipment, mainly for wind farms and CCGTs, the group continued to provide reliable and uninterrupted supply of electricity and heat to consumers. At the same time, the kilowatts of renewable energy of the Azovskaya WPP, which in 2022 celebrated the anniversary of putting into commercial operation, and the commissioning of the Kolskaya WPP made an additional contribution to the production and financial performance of the company. Thereby the past year was characterized by an increase in the production of green electricity by almost one and a half times compared to 2021, both by the EL5-Energo group and in Russia as a whole. This dynamics has certainly had and will have a positive impact on the environment and will bring us closer to the goal of carbon neutrality by 2050. On the other hand, the growth of RES production volumes simultaneously leads to a decrease in the price growth on the electricity market, which negatively affects the financial results of power producers.

In terms of thermal generation the implementation of various programs for the renewal and modernization of the energy industry over the past 10 years has led to an increase in the efficiency of the generating fleet in the country and, as a result, also contributed to the growth of electricity prices on the wholesale market lagging behind the growth of gas tariffs. This trend poses new challenges for the owners of traditional thermal generation and the need to immediately respond to the current situation in order to maintain competitiveness. Aiming maximizing marginal profit and achieving target financial indicators in 2022, the group was active in all major sectors of the wholesale electricity and capacity market, such as DAM, BM, ASM, working among other issues to reduce accounts receivable and optimize the gas portfolio by successfully using exchange instruments at SPIMEX.

Given the planned commissioning of equipment (modernization of TPPs, renewal of nuclear units, commissioning of RES), in the medium term thermal power plants will remain the dominant source of energy in the Russian energy system, whereas RES will remain the driver for its development, gradually shifting the structure of Russia's fuel balance towards an increase share of low-carbon sources. And the medium-term strategy of the company is fully consistent with this trend.

*Matvey Atzeni Moskvitin,
Deputy General Director - Commercial Director*

The group carries out its production activities on the wholesale market of electric energy and capacity in the first price zone, which includes the European part of Russia and the Urals.

The main participants of the WECM are the following entities:

- wholesale generating and territorial generating companies, PJSC RusHydro, JSC Rosenergoatom;

¹ The winners of the National Award "Director of the Year" were announced in 2023

- power supply companies - guaranteeing suppliers, large power supply companies and independent suppliers;
- large consumers of various industrial and transport sectors.

Main markets where the group carries out its activities

EL5-Energo Group carries out its electricity and capacity sales activities in the following wholesale market segments.

Regulated contracts

Since 2011, regulated contracts (further – the RC) have been signed to cover the volumes of electricity and capacity only intended for the residents and for the supplies equated to the residents of the consumer groups through guaranteeing suppliers and power supply companies. Prices (tariffs) for power and capacity supplies under the RC are calculated by prices indexation formulas determined by the federal executive body of the Russian Federation in the area of public tariff regulation (Federal Antimonopoly Service). Scopes of power and capacity supply under the RC are determined within the forecast summary balance of power generation and supply developed so that the RC supplies would not exceed 35% of the planned supply to the wholesale market, defined in the balance decision for the relevant regulation period for a power and capacity generator included into the summary balance.

Day Ahead Market

At the day ahead market (further DAM) the volumes of electricity exceeding the RC volume are traded at free prices obtained as a result of a competitive tender of price bids from participants of the wholesale market for purchase/sale of power. Trading activities at the DAM are organized and held by the Joint-Stock Company Trade System Administrator of the Wholesale Electricity Market (JSC ATS).

Balancing Market

Trading of deviations of the actual electricity production schedule from the planned one is exercised at the balancing market (further BM) at the prices formed based on a competitive tender upon the marginal principle of bids of the balancing market participants (suppliers and consumers with the regulated load).

Capacity

Starting from 2011, only capacity in the volumes, necessary for supply to the households and consumer categories regarded as households, is delivered under the RC.

Capacity sales at free prices is carried out through competitive capacity auction mechanisms (further – the KOM), conclusion of free contracts directly with the buyer, as well as through contracts for provision of power to various facilities (RES, NPP/HPP, modernized thermal generation facilities, new local gas turbines).

KOM for 2022 was held in 2019. The last auction (for 2026) took place in February 2021. In the future, KOM is planned to be held four years in advance. KOM for 2027 is expected in the fourth quarter of 2023.

Capacity sales of newly constructed generation facilities is carried out through the mechanism of a capacity supply agreement (the DPMs) and ensures the return of investments performed in construction within 10 years for thermal generation facilities, 15 years for RES facilities, and 20 years for NPP/HPP facilities. For the company, DPMs were valid for two combined-cycle gas turbine units at Nevinnomysskaya and Sredneuralskaya GRES until 2020 inclusive. In 2021, the group began to supply capacity through RES DPM after the launch of the Azovskaya WPP in the south of Russia. In 2022, as part of the RES DPM, the group put into commercial operation the first stage of the Kolskaya WPP in the north of Russia with an installed capacity of 170.4 MW. In March 2023, the capacity of the Kolskaya WPP reached 201 MW.

Since 2019, a new mechanism for supporting thermal generation has been in effect – competitive selection of modernization projects (further KOMMod), according to the results of which power supply contracts are concluded with the winning participants reimbursing the declared costs for implementation of the project for 16 years. Earlier, selections for 2022-2029 have been already held, and based on their results the company won four projects at Sredneuralskaya GRES and Nevinnomysskaya GRES with a total capacity of 370 MW. Since 2022, the company has started to supply capacity under KOMMod contracts for the first selected project of the company at Nevinnomysskaya GRES.

The cost of capacity supplied at free prices is calculated taking into account the quality of capacity that is the actual availability of equipment. This market mechanism by influencing the cost of supplied capacity allows for incentivizing suppliers to ensure the technical condition of generating equipment necessary for operation or inclusion in the power system.

Ancillary services market

The system services market is used as a mechanism to ensure the reliability of operation of the power system and to ensure the quality of electric power.

The Russian Federation defines four types of services related to system reliability:

- services for normalized primary frequency regulation;
- services for automatic secondary frequency regulation;
- regulatory services;
- services for the development of emergency control systems in the UES of Russia.

Organization of selection of electric power industry entities rendering services to ensure system reliability, payment for such services, as well as coordination of their actions to render services to ensure system reliability, are carried out by the System Operator.

Free bilateral contracts for the supply of green electricity

In 2022, the I-REC international certification platform for the sales of green certificates confirming the generation of electricity from RES power plants ceased to operate in Russia. Nevertheless, Russian consumers still have an alternative to international certificates - the conclusion of free bilateral contracts (hereinafter referred to as FBC) for the purchase of green electricity directly from the generating company. One of the Group's WPP, being a supplier of electricity from renewable sources, started the process of concluding FBCs with concerned consumers, incl. the contract for the convenience of PJSC NOVATEK, demonstrating itself as a reliable partner for Russian industry leaders seeking to reduce their carbon footprint.

Heat sales

Heat sales take place on the regional market at the location of the power plant by the tariffs approved by the relevant regional energy commissions of the Russian Federation, as well as at free prices to consumers for the steamed heat.

The total installed heat capacity of the company at the end of 2022 amounted to 2,241 MW.

Heat is sold by:

- Konakovskaya GRES (Tver region, Konakovo);
- Nevinnomysskaya GRES (Stavropol Territory, Nevinnomyssk);
- Sredneuralskaya GRES (Sverdlovsk region, Yekaterinburg, Verkhnyaya Pyshma, Sredneuralsk).

The main consumers of heat supplied by the company's power plants are heat supply companies operating in the cities of presence of the company's power plants.

Customer-oriented approach

The Group's customer-oriented approach lies primarily in ensuring the safe, uninterrupted and trouble-free operation of power plants to meet consumer power demand. Due to the fact that the group's activities are carried out under conditions of exclusive normative regulation, including federal laws, orders of federal executive bodies, acts and resolutions of the Government of the Russian Federation, etc., the group always properly fulfills its obligations to the electric power industry entities, namely, it complies with the rules of the wholesale electricity and capacity market.

Working on the WECM, the company interacts with other electricity suppliers (generating companies) and buyers of electricity (energy sales organizations, large consumers of electricity, guaranteeing suppliers) that have received the status of wholesale market entities, infrastructure organizations of the WECM and other organizations. This is governed by the following regulations:

- Federal Law No. 35-FZ "On the Electric Power Industry" dated March 26, 2003;
- Decree of the Government of the Russian Federation No. 1172 "On Approval of the Rules of the Wholesale Electricity and Capacity Market and on Amendments to Certain Acts of the

Government of the Russian Federation on the Organization of the Operation of the Wholesale Electricity and Capacity Market” dated December 27, 2010;

- Agreement on joining the trading system of the wholesale market in accordance with the standard form posted on the official website of the Association "NP Market Council".

The company is also a participant in the system services market and provides standardized primary frequency regulation service. In order to provide this service, the company maintains the constant readiness of power units to change active power in accordance with the required speed and accuracy at the command of the System Operator of the UES of the Russian Federation, which is our main customer and client for system services.

Customer-oriented approach is also manifested in the desire to take into account the expectations and requests of customers and other stakeholders. We are constantly exploring new ways of interacting, developing processes that meet the needs of the participating parties. The introduction of new solutions and the digitalization of business processes are the basis for the development of an even greater customer-oriented approach, as all this helps to build the shortest chain of interaction with the customer. At present, the company has established a system of legally significant electronic document flow (hereinafter referred to as LSEDF), within the framework of which we have concluded agreements with counterparties on the exchange of documents in electronic form through an electronic document flow operator. In 2022, work on concluding agreements on electronic document flow continued, which made it possible to significantly expand the customer base in terms of the exchange of LSEDF not only with counterparties in the WECM, but also with suppliers and consumers of fuel. In 2023, it is planned to establish the LSEDF system at subsidiaries LLC Azov WPS and LLC Kola WPS.

The company seeks to build relationships with customers based on mutual respect, showing competence, professionalism and a loyal approach. We comply with the Code of Ethics, the Anti-Corruption Policy and the Zero Tolerance Corruption Regulation in all our business practices to ensure that our interactions with customers are transparent, accurate, comprehensive and are in accordance with applicable law.

The company always takes into account suggestions and responds to complaints from consumers or their associations through the appropriate operational communication system directly, by phone and e-mail, etc. In the process of interacting with customers, the company guarantees a high level of personal data security. The company also publishes information about its activities on the official website in a timely manner. In addition, the company promptly informs customers of any changes regarding the execution of contracts by sending official letters in electronic form and by mail.

Competition

Since the company's power plants, together with other power plants, are part of the Unified Energy System of Russia (UES) with unified electrical connections, processes of generation and consumption of electric power, it can be assumed that competitors are all thermal generating companies, JSC Rosenergoatom Concern, PJSC RusHydro, as well as companies that use renewable energy sources for generation of electric power that are subjects of the wholesale electricity market. In a more detailed analysis of competition, it is necessary to take into account that the group's power plants carry out their production activities in the wholesale electricity and capacity market in the first price zone that includes the European part of Russia and the Urals, and also consider the remoteness of a particular power supplier from the load center and take into account the degree of influence of each of the competitors on the price situation in the region.

Thermal power plants using gas, fuel oil and coal as fuel are in equal conditions in terms of competition.

The main competitive advantages of the company are as follows:

- diversification of generating assets, including two combined-cycle gas turbine plants with low specific fuel consumption and green generation facilities: wind farms in the southern and northern parts of the Russian Federation - in the Rostov and Murmansk regions;
- geographically uniform location of power plants throughout the first price zone;
- stable share of power generation in each energy district where the company's generation assets are present;
- a high degree of personnel's knowledge and skills;
- successful participation in development and implementation of thermal generation modernization projects, as well as implementation of RES projects;
- innovativeness of the company's management processes, inspection and maintenance of production assets, use of the best world practices;

- compliance with sustainability objectives.

Power plant	Location of competitors	Competitors
KGRES	IPS of the Center, IPS of the North-West	Kostromskaya GRES - 3,660 MW (JSC Inter RAO - Electrogeneratsiya)
		CHPP-16, CHPP-20, CHPP-21, CHPP-26, CHPP-27 – 6,433 MW (PJSC Mosenergo)
		Smolenskaya NPP - 3,000 MW (JSC Rosenergoatom)
		Kalininskaya NPP - 4,000 MW (JSC Rosenergoatom)
		Leningradskaya NPP - 4,376 MW (JSC Rosenergoatom)
		Kurskaya NPP - 3,000 MW (JSC Rosenergoatom)
		Zagorskaya PSPP – 1,200 MW (PJSC RusHydro)
NGRES, Azovskaya WPP	IPS of the South	Stavropolskaya GRES – 2,423 MW (PJSC OGGK-2)
		Novocherkasskaya GRES – 2,258 MW (PJSC OGGK-2)
		Rostovskaya NPP - 4,072 MW (JSC Rosenergoatom)
		Cascade of HPPs of the IPS South (PJSC RusHydro)
		RES of the IPS South – 2,996 MW
SUGRES	IPS of the Urals	Reftinskaya GRES – 3,800 MW (JSC Kuzbassenergo)
		Beloyarskaya NPP – 1,480 MW (JSC Rosenergoatom)
		Yuzhnouralskaya GRES-2 - 845 MW (JSC Inter RAO - Electrogeneratsiya)
		Nyaganskaya GRES – 1,345 MW (PJSC Fortum)
		Nizhneartovskaya GRES - 2,031 MW (ZAO Nizhneartovskaya GRES)
		Permskaya GRES - 3,363 MW (JSC Inter RAO - Electrogeneratsiya)
		Surgutskaya GRES-1 – 3,333 MW (PJSC OGGK-2)
Surgutskaya GRES-2 – 5,667 MW (Unipro PJSC)		

The main factors negatively affecting the generation and, accordingly, the sale of electric power are traditionally network restrictions and forced modes of operation of the UES, namely:

- maintenance of grid equipment of electric power substations and outgoing overhead power transmission lines;
- maintenance, start-ups, shut downs and features of operating modes of generating equipment of power plants.

In 2022, there was an increase in electricity consumption (for both industrial and non-industrial consumers) and an increase in prices on free electricity markets, mainly due to the indexation of the tariff for consumed gas.

Konakovskaya GRES

Taking into account the last tendencies for power demand in the IPS of the Center, influence of generation capacities of competing companies on the mode of operation of Konakovskaya GRES is more significant during the heating period and is associated with commissioning of capacities of heat generating companies, as well as with putting into operation of new CCGTs and NPP units. In case of unscheduled maintenance at NPP units, at the command of the System Operator, the outage capacity volume is replaced by Konakovskaya GRES.

The main overhead lines (HV lines) and substations (SS), the repair of equipment of which affects the operating mode of Konakovskaya GRES, are the HV lines Kalininskaya NPP 750 kV - Opytnaya, Kalininskaya NPP 750 kV - Vladimirskaya 750 kV, Konakovskaya GRES - Cherepovets, Kalininskaya NPP 750 kV - Belozerskaya, Kalininskaya NPP 750 kV - Gribovo 750 kV, Konakovskaya GRES 500 kV - Trubino 500 kV, Konakovskaya GRES 500 kV - Bely Rast 500 kV, Opytnaya - Bely Rast 750 kV and SS Belozerskaya, SS Opytnaya, SS Vladimir and SS Gribovo.

Nevinnomysskaya GRES

Nevinnomysskaya GRES is located in a scarce energy hub of the IPS of the South with weak network connections. To ensure operation reliability of this power hub, the IDO of the South plans to provide increased load of generation capacities of Nevinnomysskaya GRES, except for:

- operation of the power grid in maintenance schemes when limitation of load of the power plant is necessary;
- the flood period when limitation of the power plant's load is caused by increased output of capacity from HPPs of the IPS of the South "locking" Nevinnomysskaya GRES due to grid operation modes;
- periods of favorable conditions for the operation of RES in the region (high wind potential and sunny days), in which there is a decrease in the loading profile of the plant.

The advantages of Nevinnomysskaya GRES is its location in the power grid of the IPS of the South that ensures load and high coefficient of utilization of installed capacity, as well as the presence of CCGT that due to low specific fuel consumption is always in demand.

Sredneuralskaya GRES

The capacity utilization of Sredneuralskaya GRES, at a low cost of production, is due not only to the need of the IPS of the Urals for electric power, but also to the need for heat of Yekaterinburg, Verkhnyaya Pyshma, Sredneuralsk.

Change in the share of generation of power plants in 2018-2022, %

Power plant	2018	2019	2020	2021	2022	2022 to 2021
Share of KGRES in the IPS of the Center	2.9	2.5	2.6	2.9	2.7	-0.2
Share of NGRES and Azovskaya WPP in the IPS of the South	7.6	6.9	6.4	7.4	6.9	-0.5
Share of SUGRES and RGRES ² in the IPS of the Urals	10.1	8.0	2.6	2.7	2.7	0.0
Share of Kolskaya WPP in the IPS of the North-West	-	-	-	-	0.0	Not applicable
The group's share in the first price zone ³	5.0	4.1	2.4	2.6	2.6	0.0

In 2022, the company's power plants did not change their market share compared to 2021. The share of Kolskaya WPP in the IPS of the North-West is insignificant since the power plant was put into commercial operation in December 2022.

Regulatory bodies in the electric power industry

Regulatory Body	Functions
Government of the Russian Federation, Ministry of Economic Development of the Russian Federation, Ministry of Industry and Trade of the Russian Federation, Ministry of Energy of the Russian Federation	Determination of the main directions of development of the electric power industry of the Russian Federation
Federal Antimonopoly Service (FAS of the Russian Federation)	Regulation and control of access to the electric grids and services for power transmission; approval of tariffs and volumes of purchase/sales of electricity and capacity.

²The data on the share of RGRES was provided for nine months of 2019 in connection with the sale of the property of Reftinskaya GRES.

³Price zone of the wholesale electricity market, including the European part of Russia and the Urals.

Joint Stock Company System Operator of the Unified Energy System (JSC SO UES)	Implementation of a package of measures for centralized management of process modes of operation of electric power facilities and power receivers of consumers
Joint-Stock Company Trade System Administrator of the Wholesale Electricity Market (JSC ATS)	Organization of wholesale trade in electric power, verification of cross-obligations set-off between the trade market participants; organization of warranty and settlement system at the wholesale market, market regulations compliance control
Non-Profit Partnership "Market Council for Organization of Efficient System for Wholesale and Retail Trade in Electric Energy and Capacity" (Association NP Market Council)	Ensuring the operation of the commercial infrastructure of the WECM, ensuring effective interconnection of wholesale and retail markets, competition in the wholesale and retail markets, maintaining a balance of interests of producers and buyers of electric power and capacity

Production indicators⁴

Installed heat and electrical capacity of the power plants

Power plant	Type of power, unit	2018	2019	2020	2021	2022
Konakovskaya GRES	Electrical, MW	2520	2520	2520	2520	2520
	Heat, Gcal/h (MW)	120 (140)	120 (140)	120 (140)	120 (140)	120 (140)
Nevinnomysskaya GRES	Electrical, MW	1530.2	1530.2	1530.2	1530.2	1551.4
	Heat, Gcal/h (MW)	585 (680)	585 (680)	585 (680)	585 (680)	585 (680)
Reftinskaya GRES	Electrical, MW	3 800	3 800			
	Heat, Gcal/h (MW)	350 (407)	350 (407)	-	-	-
Sredneuralskaya GRES	Electrical, MW	1,578.5	1,578.5	1,578.5	1,578.5	1,578.5
	Heat, Gcal/h (MW)	1 327 (1543)	1 327 (1543)	1 327 (1543)	1 327 (1543)	1222 (1421)
Azovskaya WPP ⁵	Electrical, MW	-	-	-	90.1	90.1
Kolskaya WPP ⁶	Electrical, MW	-	-	-	-	170.4
Total for the group	Electrical, MW	9428.7	9428.7	9428.7	5628.7	5910.4
	Heat, Gcal/h (MW)	2382 (2770)	2382 (2770)	2382 (2770)	2032 (2363)	1927 (2241)

Structure of the fuel used

The main type of fuel used at all power plants is natural gas (99.9 percent, average value), and the reserve one is fuel oil (0.1 percent, average value).

Natural gas is purchased at prices specified in long-term gas supply contracts, as well as with the help of organized gas trading instruments on the stock exchange of JSC SPIMEX.

Fuel oil is used as a reserve fuel during periods of gas supply restrictions and is purchased directly from manufacturers and suppliers or on the stock exchange of JSC SPIMEX.

Net electricity output

In 2022, the group's net power output amounted to 20,520 thousand MWh, that is 4.1 percent less than in

⁴ Within this section, data on Reftinskaya GRES, unless otherwise specified, is provided for nine months of 2019

⁵ Azovskaya WPP was put into commercial operation in 2021.

⁶ Kolskaya WPP was put into commercial operation in 2022.

2021.

Net electricity output by power plants in 2018–2022⁷ years

Power plant	Unit of measurement	2018	2019	2020	2021	2022	2022 to 2021, %	Reasons of changes 2022 to 2021
Konakovskaya GRES	GWh	6 462	5 698	5 821	7 137	6 250	-12.4	High utilization in the first half of the year due to increased power demand, with a significant decrease in utilization in the second half of the year and stagnation in power demand
Nevinnomysskaya GRES	GWh	7534	6 750	6 273	7 569	7 297	-3.6	Increased generation of NPPs and RES
Reftinskaya GRES	GWh	18 572	13 333	0	0	0	Not applicable	Sale of property to a new owner on October 1, 2019
Sredneuralskaya GRES	GWh	6 614	6 652	5 993	6 544	6 679	2.1	Growth in power demand and an increase in electricity generation by CCGTs with a decrease in electricity generation by steam power equipment due to an increase in the generation of NPPs and HPPs in the IPS of the Urals
Azovskaya WPP	GWh	-	-	-	148	254	71.7	In 2021, electricity generation - from 01.05.2021. In 2022, electricity generation - throughout the year
Kolskaya WPP	GWh	-	-	-	-	40	Not applicable	Commissioning from 2022
Total for the company	GWh	39 182	32 433	18 087	21 399	20 520	-4.1	Growth in power demand covered by increase in the generation of NPPs, HPPs, RES and a decrease in the generation of TPPs in the first price zone
Total excluding Reftinskaya GRES	GWh	20 610	19 100	18 087	21 399	20 520	-4.1	

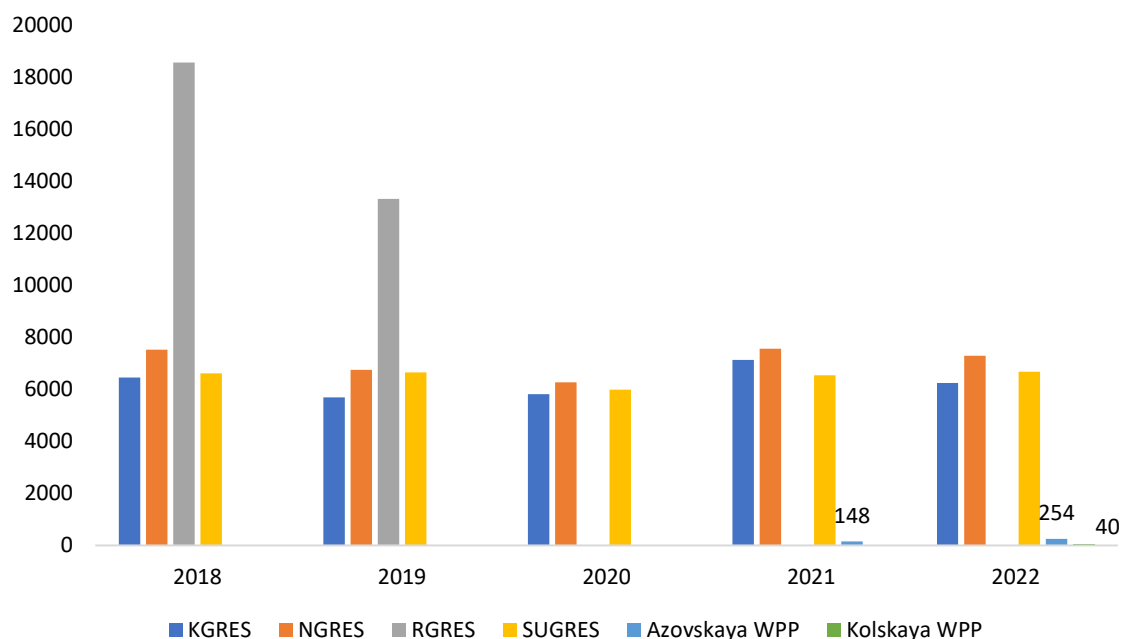
Plan-actual analysis for the net electricity output for 2022

TWh	Plan	Actual
Net electricity output	19.3	20.5

The increase in the actual volume of net electricity output in 2022 relative to the planned indicators was due to an increase in the relevance for the company's steam power equipment by the System Operator based on an increase in power demand in all regions of the company's presence (+0.9 percent in the first price zone of the UES of Russia for 12 months of 2022 compared to 12 months of 2021).

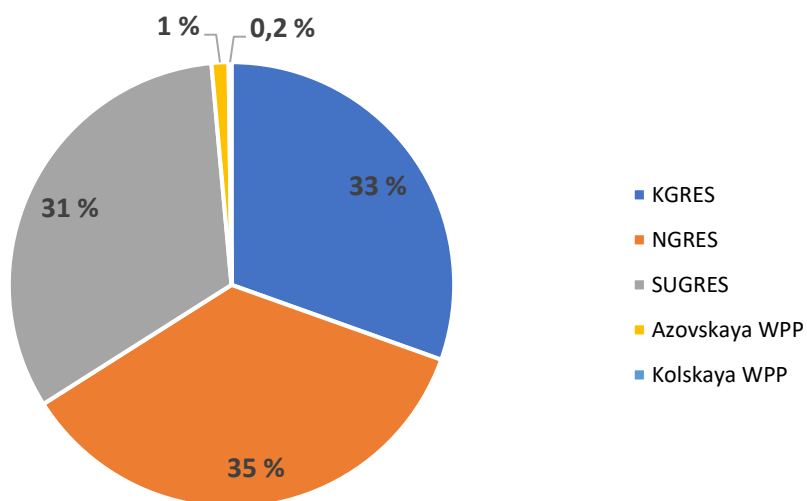
⁷Taking into account the sale of Reftinskaya GRES property, data on it is provided for nine months of 2019.

Dynamics of net electricity output for 2018–2022, GWh



Net electricity output demonstrated multidirectional dynamics in 2022 compared to last year. The increase in electricity generation in the first quarter was offset for the remainder of the period by almost all thermal plants, while there was an increase in demand for electricity in the regions of the company's presence compared to 2021. The operation of Azovskaya WPP throughout the year and the launch of Kolskaya WPP contributed to a further increase in the volume of renewable electricity output.

Structure of power output by the group's power plants in 2022, %



Sales of electricity by the group in 2018–2022

Sales	Unit of measurement	2018	2019	2020	2021	2022	2022 to 2021, %
Regulated	GWh	9 218	7 725	4 216	4 167	4717	13.2
Free	GWh	35 854	29 560	16 742	19 990	18 446	-7.7
Total	GWh	45 072	37 285	20 958	24 157	23 163	-4.1

Total without RGRES	GWh	23 352	22 124	20 958	24 157	23 163	-4.1
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Sales of capacity by the group in 2018–2022

Sales	Unit rev.	2018	2019	2020	2021	2022	2022 to 2021, %
Regulated	MW	30 500	27 956	17 798	21 408	22014	2.8
Free	MW	72 534	64 351	45 298	40 390	41 429	2.6
Including DPM	MW	9 196	9 185	9061	622	1 229	97.6
Total	MW	103 034	92 307	63 096	61 797	63 443	2.7
Total without RGRES	MW	63 627	63 396	63 096	61 797	63 443	2.7

The decrease in electricity sales by the group's power plants in 2022 is due to a decrease in the load of the power plants due to an increase in the generation of NPPs, HPPs and RES, despite the growth in electricity consumption in the first price zone.

The increase in capacity sales under DPM agreements was caused by the capacity sale of Azovskaya WPP under the RES DPM throughout the year and the commissioning of Kolskaya WPP on December 1, 2022.

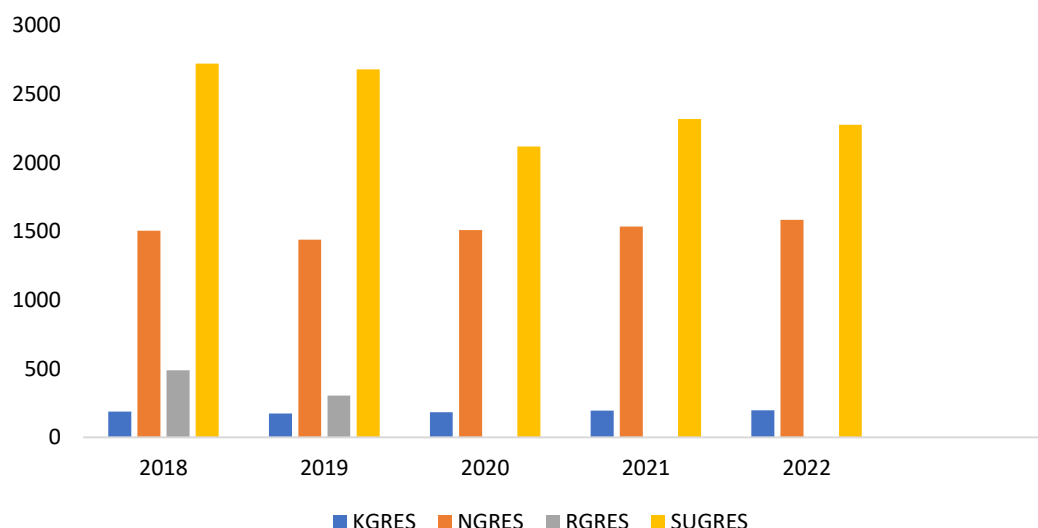
Heat power

The change in heat output compared to 2021 is insignificant. The increase in heat output at Konakovskaya GRES and Nevinnomysskaya GRES was offset by a decrease in output at Sredneuralskaya GRES.

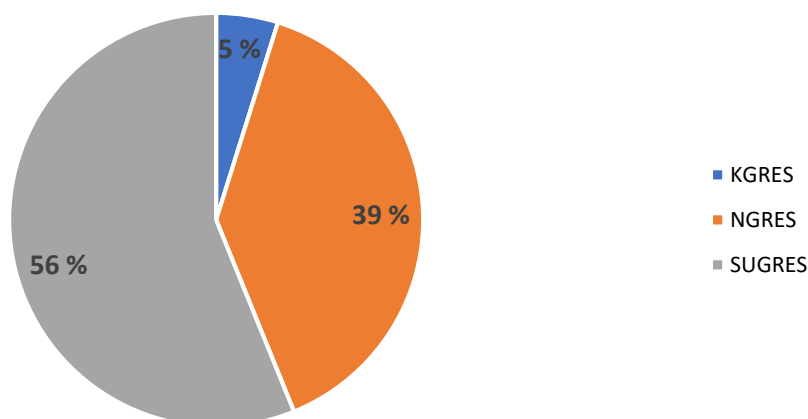
Net heat output by the company's power plants in 2018–2022

Name of the power plant	Unit of measurement	2018	2019	2020	2021	2022	2022 to 2021, %
Konakovskaya GRES	th Gcal	187	174	184	194	196	1.0
	MW	218	203	214	226	228	
Nevinnomysskaya GRES	th Gcal	1 504	1 440	1 511	1 535	1 583	3.1
	MW	1 749	1 674	1 757	1 785	1 841	
Reftinskaya GRES	th Gcal	489	305	0	0	0	Not applicable
	MW	569	355	0	0	0	
Sredneuralskaya GRES	th Gcal	2 722	2 680	2 117	2 319	2 277	-1.9
	MW	3 166	3 117	2462	2 697	2 648	
Total for PJSC EL5-Energo	th Gcal	4 902	4 599	3 812	4 048	4 055	0.2
	MW	5 702	5 349	4 433	4 708	4 715	

Dynamics of net heat output of the group for 2018–2022, th Gcal



Structure of net heat output by the group's power plants in 2022, %



Factors that may affect the company's operating activities in the future:

- Obtaining positive synergy effects from cooperation with the new controlling entity while operating in the main markets where the group's assets are represented;
- Increasing the volume of RES in the company's portfolio;
- Change in the strategy regarding the sale of heat aiming to increase the market share;
- Optimization of the gas supply portfolio of plants by increasing the energy efficiency of the existing power fleet;
- Reduction of the carbon footprint in the context of the new climate agenda (for more information about Company participation in the climate agenda see the Sustainability Report);
- Conclusion of green FBCs with an increase in market share by attracting new customers;
- Use of new trading instruments at SPIMEX - resale of unused stock exchange gas.

IT solutions within operating activities

In 2022, PJSC «EL5-Energo» continues to maintain a high standard of digitalization of its power plants and subsidiaries. For example, Azovskaya WPP is integrated into the digital ecosystem of trading solutions and is controlled from a remote control panel located in the Moscow office.

In 2022, the system of work in the electricity market was fully implemented for the newly commissioned generating equipment of Kolskaya WPP. The digital trading tools have been updated and adapted to fully support the energy markets of the newly commissioned wind farm. Workplaces of operational personnel received access to the controls of Kolskaya WPP as a component of the remote control panel located in the Headquarters. Thus, the newly introduced generation received a full set of control and analytical

functions and capabilities, which is available to the power plants through the digital systems developed in the company by cross-functional teams of commerce and digital solutions (information technology).

For example, solutions that ensure continuous monitoring of the quality indicators of the participation of power units in the normalized primary frequency regulation are being used. The solution for monitoring indicators made it possible to ensure a timely response to emerging disturbances in the power system and minimize possible losses, as well as a digital process for preparing and submitting applications for generating equipment commitment.

For more information see in the Digital Technologies of the present Annual Report.

Financial indicators

The financial results of PJSC «EL5-Energo» for 2022 reflect mainly the combination of macroeconomic factors having affected both the country's economy in general and the power sector in particular. Commissioning of the first stage 170 MW of Kolskaya WPP into commercial operation and the start of supplying electricity and capacity to the wholesale market in December 2022 is our key achievement. This event continued the trend of PJSC EL5-Energo towards an increase in the share of renewable energy generation and made an additional positive contribution to its financial performance allowing it to partially offset the decrease of gas units production. Thus, the group's revenue for 2022 grew by almost 5%, EBITDA - by almost 20%, and the ordinary EBIT - by almost 15%. Therewith, as of the end of the year, the group recognized the impairment of its fixed assets in the amount of 29.5 billion rubles according to the results of the standard assets testing mainly due to the deterioration of the general macroeconomic scenario negatively affecting the net income of the period. As of the end of 2022, the group's liquidity is at a high level, the risks of refinancing the debt portfolio are low, and exposure to the currency risks is insignificant.

I would like to highlight the positive changes in the company's strategy in terms of focusing on reducing the debt burden posing significant risks to the financial stability and limiting the development potential and investment attractiveness of the group. Approval by the Board of Directors of PJSC «EL5-Energo» of a three-year Business Plan for 2023-2025 setting the objective to use all free cash flow to reduce the debt was also a very significant event. The Board of Directors decided to refrain from making any recommendations to the General Shareholders Meeting of PJSC EL5-Energo regarding payment of dividends until reaching the appropriate level of the debt burden.

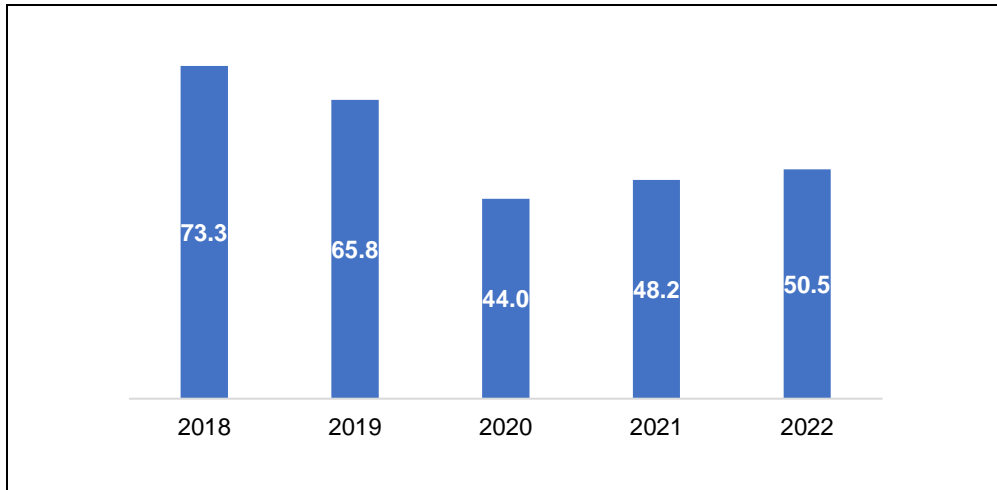
In accordance with the Business Plan for 2023-2025, reducing the debt burden is determined as a top priority of financial policy of PJSC «EL5-Energo».

*Nina Leonova,
Deputy General Director – Head of Administration, Finance and Control*

Analysis of the results performance compared to targets and previous periods

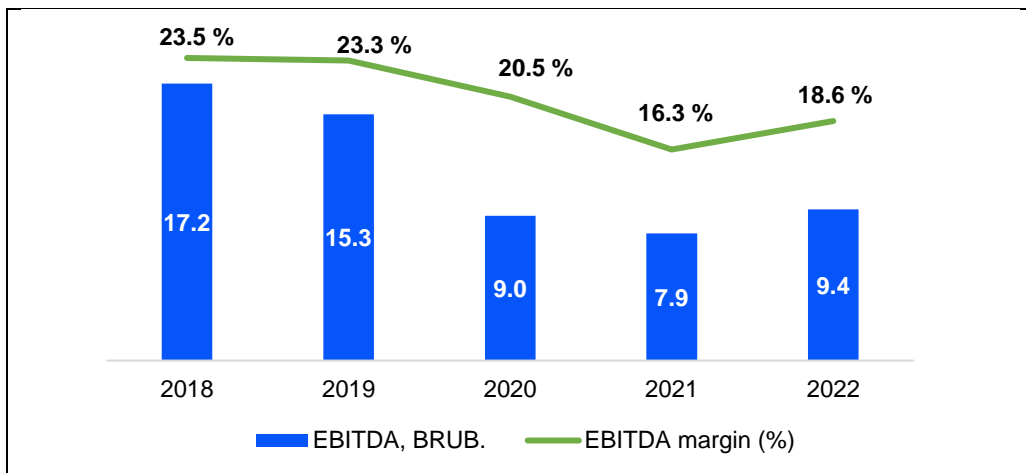
The financial performance of PJSC «EL5-Energo» generally corresponded to the targets announced by the group as part of the financial plan for 2022. Despite a slight decrease of revenues from electricity sales due to the negative dynamics of the production, the group managed to increase the revenue in 2022 compared to the previous year making it possible thanks to a significant increase in revenues from the capacity sales, primarily due to an increase in free capacity price (KOM) as well as Azovskaya WPP operation throughout the year and Kolskaya WPP launch in December 2022. The Group showed the best level of EBITDA for the last few years amounting to 9.4 billion rubles, being slightly below the target value of 10.5 billion rubles. And the ordinary net profit indicator for 2022 turned out to be at the level of 3.3 billion rubles, thus, almost corresponding to the set target of 3.4 billion rubles.

Revenue, BRUB.



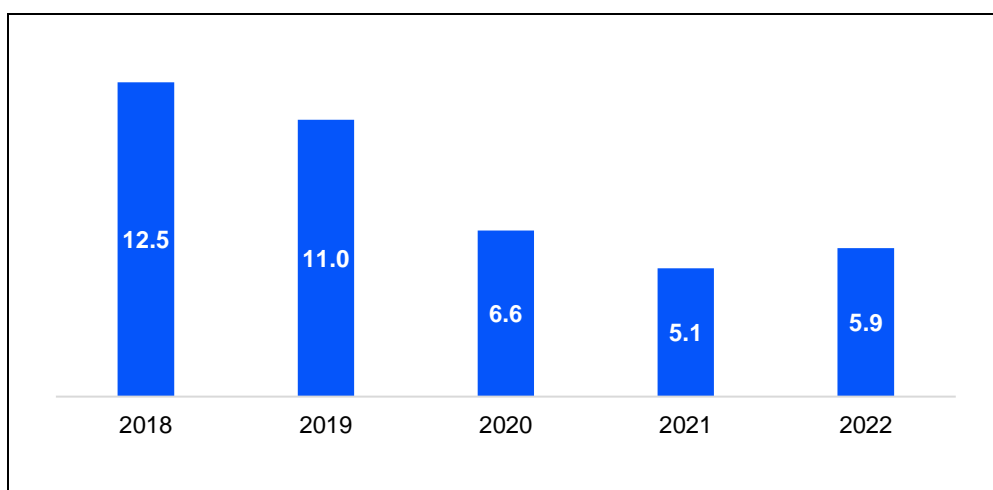
In 2022, the revenue increased by almost 5 percent driven by a 26.8 percent increase in market capacity sales revenues due to growth of the payments received under the CSA RES (for Azovskaya and Kolskaya WPPs) and KOMMod (for NGRES modernization project), as well as increase in the free capacity price (KOM) (for other generating facilities). The results were additionally supported by the indexation of regulated tariffs for electricity, capacity and heat. However, the decrease in revenue from the electricity sale by 2.1 percent had a negative effect due to a decrease in sales volumes against weakening of the dynamics of electricity consumption in the first price zone.

EBITDA, BRUB.



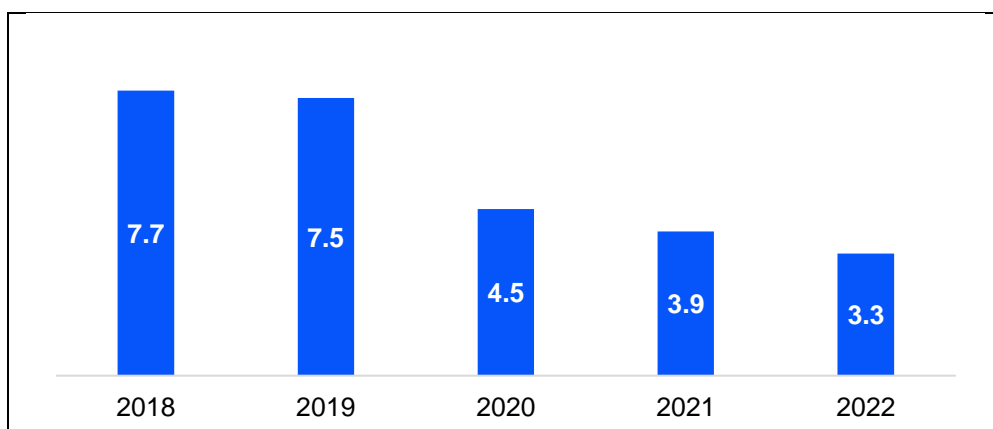
EBITDA increased by more than 19 percent, mainly due to an increase in capacity sale revenues compared to the previous year, which was partially offset by a decrease in margin from the electricity sale. Besides, the indicator was positively affected by the decrease in the fixed costs for operation and maintenance, as well as overhead costs.

Ordinary EBIT, BRUB.



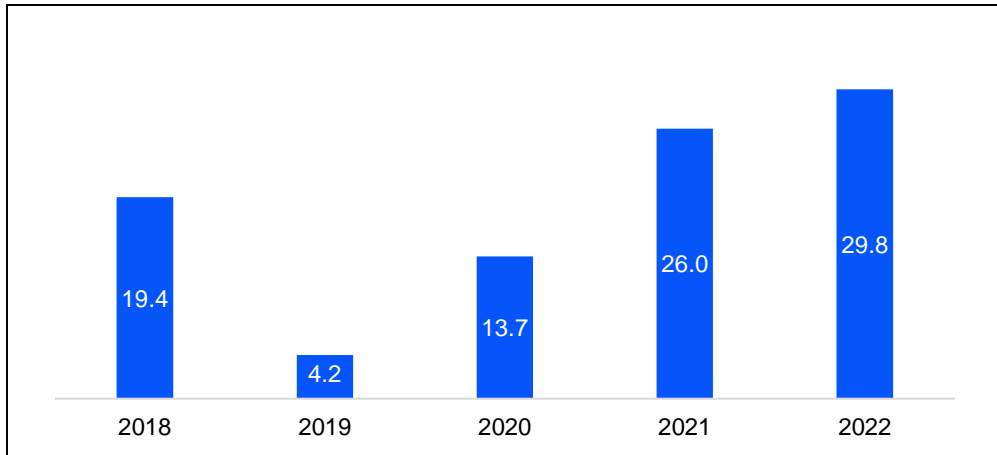
Ordinary EBIT increased by 14.9 percent and, excluding the impairment of the company's fixed assets based on the results of the standard asset testing, primarily due to the deterioration of the macroeconomic scenario, generally reflected EBITDA dynamics YoY. A smaller increase in the indicator compared to EBITDA is due to an increase in depreciation and amortization costs of Azovskaya and Kolskaya WPPs compared to the previous year, in particular, to the operation of Azovskaya WPP throughout the year and commissioning of the first stage of Kolskaya WPP.

Net Ordinary Income, BRUB.



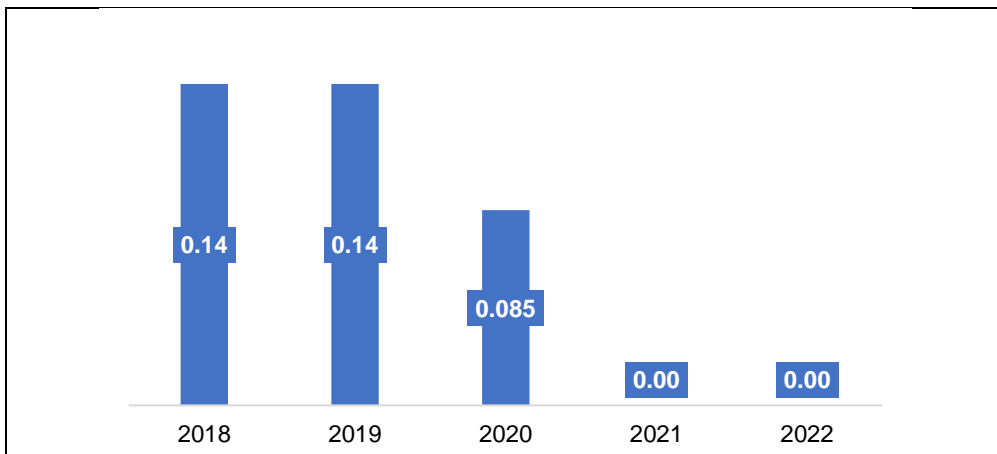
Net ordinary income decreased due to an increase in net finance costs, mainly due to the growth of the average debt level during 2022 along with a higher average interest rate.

Net debt, BRUB.



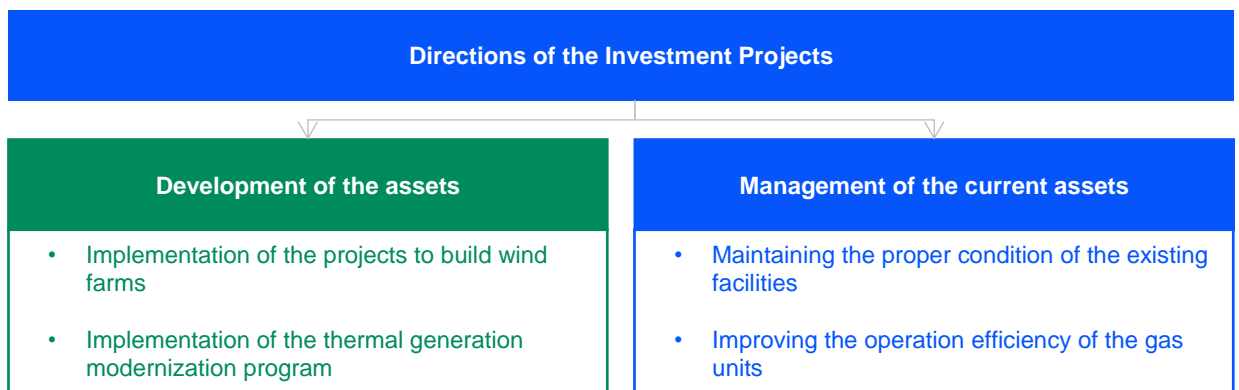
Net debt showed a 14.7 percent increase from 26.0 billion rubles as of the end of 2021 to 29.8 billion rubles at the end of 2022 against the continued capital expenditures and investments by the company in the construction completion of Kolskaya WPP and the implementation of modernization projects under the KOMMod program.

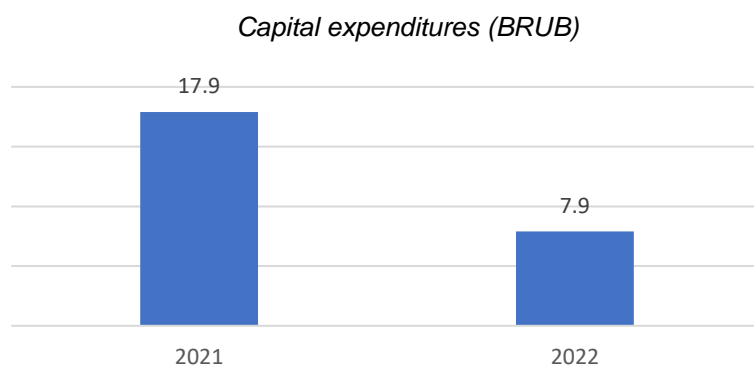
Dividend per share, RUB.



In 2022 the company did not pay any dividends following its Strategic Business Plan.

Investment Activities





The total capital expenditures for 2022 amounted to 7.9 billion rubles showing a decrease of 10 billion rubles year-on-year. This dynamic of the capital expenditures is due to the end of the main investment period for the construction of Kolskaya WPP with the first stage commissioned in December 2022. At the same time, PJSC EL5-Energo continued to make capital investments both into thermal generation modernization projects (under the KOMMod program) and to maintain a high level of technical availability of the existing gas units and to increase their operational efficiency.

Sustainability management and ESG aspects

Sustainable energy is a key to successful future

Sustainability is a set of criteria and principles that has undergone a significant transformation in recent years: from a new and slightly known concept to an integral part of a strategy and a backbone for building business processes. For PJSC «EL5-Energo» Group sustainability management has always been inextricably linked to production goals, tasks and activities for the benefit of the company, society and environment. These are our additional voluntary obligations and responsibilities ensuring comfort, security and prosperity of the society today and guaranteeing a successful future for those will live after us tomorrow. This contributes to the energy transformation and decarbonization not only of the industry where the company operates, but also to reduce the carbon footprint of the entire Russian economy through providing access to cleaner energy. Sustainability in our company also embraces such a multifaceted process as the transition to the circular economy principles and approaches through a consistent increase in energy and resource efficiency both in our own production processes and via dissemination of this culture throughout the value chain including not only our counterparties, but also the residents of the territories where the company's production branches are located. And definitely in today's world being in a constant change, the value of a person is undeniable, therefore one of the key priorities of EL5-Energo Group PJSC is to focus on people, both those who work with us (our employees and contractors), and those who live in the regions where our company operates.

*Maria Shipitsyna
Head of Sustainability*

Sustainability model in the company

Our Company is not only a major player in the electricity and heat market, but also a recognized leader of the sustainability agenda both among generating companies and in Russian business, which is confirmed by the results of relevant rankings and contests (See "Our awards" section of the present Annual Report).

The Group is actively involved in shaping the sustainability agenda in Russia and promotes it by developing and refining the practices used in the company to manage key sustainability indicators.

The Sustainability Report and the company's official website on the Internet contain detailed information on the development of the sustainability strategy, the dynamics of changes in indicators, implemented projects and results achieved in 2022. This part of the Annual Report discloses the most significant data, along with hyperlinks that provide detailed information on the company's sustainability management and implemented practices.

The Company reflects its commitment to the sustainability principles by consolidating the relevant goals in the Sustainability Plan, which is updated annually taking into consideration the changing context and adjustments made to the group's overall strategy.

Generating sustainable energy for economic growth and prosperity for future generations



For more information on the Sustainability Plan see the company's website.

Contribution to the achievement of the UN Sustainable Development Goals

The goals of our Sustainability Plan, and through it all the key processes, are linked to the UN Global Sustainable Development Goals (UN SDGs). Thus, with all its activities, the Company contributes to the achievement of a particular global goal.

The Company identifies the following main UN Sustainable Development Goals, which are consistent with its strategic mission and primarily by its core production activities of electricity and heat generation the Company contributes to the achievement of these goals.



The contribution to the remaining Goals is made through the implementation of the following initiatives:

- local communities support programs (SDG 3 “Good health and well-being”, SDG 4 “Quality education”);
- diversity and inclusion, as well as employee development programs (SDG 5 “Gender equality”, SDG 8 “Decent work and economic growth”, SDG 10 “Reduced inequalities”);
- development of projects to improve environmental safety, protect biodiversity and develop lean production (SDG 6 “Clean water and sanitation”, SDG 12 “Responsible consumption and production”, SDG 14 “Life below water”, SDG 15 “Life on land”);
- improving the sustainability of the supply chain (SDG 12 “Responsible consumption and production”);
- development of corporate governance practices, anti-corruption measures and conclusion of sustainability partnerships (SDG 16 “Peace, justice and strong institutions”, SDG 17 “Partnerships for the goals”).

For more information about the company's contribution to the achievement of the UN Global Sustainable Development Goals, see the relevant section on the company's [website](#).

Sustainability management

The sustainability issues in the company are regulated at various levels. At the strategic level, they are preliminary considered by the Strategy and ESG Committee. The Strategy and ESG Committee forms a strategic vision on climate, environmental and social aspects and provides recommendations to the Board of Directors for further decision-making in cases where it falls within the competence of the Board of Directors. At the management level, the Sustainability Unit led by the Head of the Unit is responsible

for sustainability issues. Reporting directly to the General Directors, it is a unit that provides internal expertise on sustainability issues and coordinates cross-functional collaboration on these issues.

Stakeholder Engagement

[Stakeholder Engagement Policy](#)

The Company pays particular attention to building effective, comfortable and trusting relationships with stakeholders, considering them to be its most important asset and a guarantee of mutual support. The Company strives to respond to the requests and take into account the interests of all stakeholders, relying on their opinion when identifying areas of activity in the field of the Integrated Management System, sustainability, and also taking into account the stakeholder's with the actions carried out by the Company. Commitments to our stakeholders are set out in the [Stakeholder Engagement Policy](#). The Company carries out an annual update of the stakeholder map, involving the functional departments directly responsible for interaction with certain stakeholder groups. This allows for more relevant results and get a more comprehensive assessment.

The more detailed information on the ways and results of interaction with stakeholders, is provided in the Sustainability Report.

Key sustainability aspects

Another important result of stakeholders engagement is the identification of the material topics on which the Company has the highest positive or negative impact.

In 2022, the assessment identified the following essential topics:

- employees management, development and motivation;
- occupational health and safety;
- sound governance and fair corporate conduct;
- engaging the local communities;
- sustainable supply chain;
- decarbonization of the energy mix;
- economic and financial value creation;
- environmental management;
- customer engagement;
- innovation and digital transformation.

This section provides a summary of the topics where the Company has the highest impact, as well as some other topics that are an integral part of the company's sustainability strategy and that ensure balanced disclosure of information on social aspects, in particular on the topics "Engaging the local communities", "Environmental management", "Occupational health and safety" and "Employees management, development and motivation".

For more details on these topics, as well as other aspects of sustainability, see the Sustainability Report.

Decarbonization of the energy mix

PJSC «EL5-Energo» is a major player in the Russian energy market, therefore we strive to prioritize reducing our carbon footprint to increase carbon neutrality to fight climate change. As a large utility company, we are aware of the importance of the climate agenda. The production of electricity by our thermal power plants makes the largest contribution to the company's carbon footprint, which is why the focus of our work is on the decarbonization of the energy mix and the development of green energy in Russia.

We are confident that consistent work to reduce emissions associated with energy production contributes to the development of the decarbonization process in other industries. PJSC «EL5-Energo» is an active member of major Russian business and industrial associations, which allows us to participate in legislative activities in the field of green generation development and to count on state support in this direction.

The key event of 2022 for the Company was the start of supply of electricity and capacity of the Kolskaya WPP to the united energy system of the Russian Federation. Thus, after reaching the design capacity, the WPP will be able to generate around 750 mln kW·h per year, preventing greenhouse gas emissions of around 600,000 tons per year⁸.

⁸Excluding indirect greenhouse gas emissions.

We are committed to disclosing reliable information about the company's position on the climate agenda. The Company pays special attention to the development in the direction of the climate strategy and the reduction of its own carbon footprint. The company's main tools in this direction are:

- development of renewable energy sources, including the construction of WPP;
- modernization of existing thermal power plants to increase production efficiency and reduce environmental impact;
- reduction of energy consumption for auxiliaries, including transport, office and travel costs.

In 2021, the Company underwent an assessment of climate risks in the short, medium and long term. Depending on the type of generation (thermal, RES) and the geographical location of the facilities, the risks and opportunities for each of the assets were studied. We took into account the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in our assessment. Setting targets and tracking progress in energy efficiency and reducing carbon footprint is impossible without a strategic vision, risk assessment and continuous monitoring of results. Despite changes in the external context, we are on track to reduce our carbon footprint and take further steps towards developing a climate strategy.

For more information, see the Sustainability Report.

The Company keeps records of greenhouse gas emissions in the following scopes:

- Scope 1 – direct emissions from fuel combustion;
- Scope 2 – indirect emissions associated with the purchase of electricity, heat and steam;
- Scope 3 – all other indirect emissions, such as those associated with the production, transportation and disposal of goods and materials. At the moment, the Company only includes this scope in the carbon footprint of employee business travel.

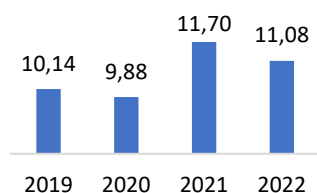
The total volume of Scope 1 greenhouse gas (GHG) emissions was 11.079 million tons of CO₂-eq. The main source of greenhouse gas emissions is thermal power generation. Compared to 2021 direct greenhouse gases emissions decreased by 5.3 percent (0.6 million tons of CO₂-eq.) in the reporting year, which is explained by a decrease in the total net output of electricity and heat by 4 percent.

Total Scope 2 GHG emissions in 2022 amounted to 7,080.78 tons of CO₂-eq.

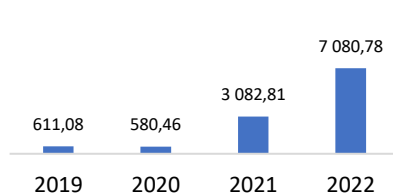
Other indirect emissions (Scope 3) in 2022 amounted to 110.7 tons of CO₂-eq. Compared to 2021, other indirect CO₂-eq. emissions almost doubled in 2022, driven by a corresponding increase in Compared to 2021, other indirect CO₂-eq. emissions almost doubled in 2022, driven by a corresponding increase in employees' business trips by air.

Dynamics of the company's greenhouse gas emissions, including wind power plants

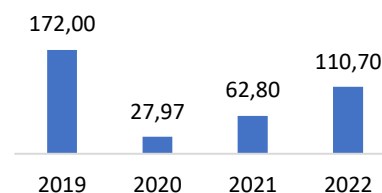
Dynamics of company's Scope 1 GHG, total for the company, million tons of CO₂-eq.



Dynamics of company's Scope 2 GHG, total for the company, tons of CO₂-eq.*



Dynamics of company's Scope 3 GHG (air flights), total for the company, tons of CO₂-eq.*



** The main contribution to the company's total indirect GHG emissions comes from the Azovskaya and Kolskaya WPP, which purchase of electricity during forced shutdowns of the wind turbines due to adverse weather conditions and the need to maintain equipment's operability.*

Environmental Management

Environmental policy	Biodiversity Policy	Single-use plastic policy
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Respect for nature and responsibility for the company's impact is an integral part of PJSC «EL5-Energo» group's sustainability strategy. The Company strives to strictly comply with the requirements of the current legislation and continuously reduce the impact of its production activities on the environment, paying special attention to the issues of reducing emissions into the atmosphere, preserving biodiversity and rational use of natural resources. We take on additional voluntary commitments by implementing projects to reduce water consumption and by incorporating the principles of the circular economy into all processes wherever possible.

To effectively manage environmental issues, we have adopted internal regulatory documents, such as the [Environmental policy](#), [Biodiversity Policy](#) and [Single-use plastic policy](#), which allow the company to consistently reduce environmental risks, as well as achieve maximum operational efficiency. In addition to the procedures, policies and regulations already in place, in 2023 we plan to adopt the Procedure on introduction of the circular economy principles and develop an appropriate Regulation to manage the circular economy issues, which will allow the principles of circularity to be more effectively integrated into the company's business activities.

The strategic goal of the company's Environmental Policy is to increase the level of environmental safety of the company's current and future production activities in the field of heat and power generation by taking consistent measures to minimize the negative impact on the environment, rationalize the use of natural resources, and restore the disturbed state of the environmental components in order to preserve a favorable environment for present and future generations.

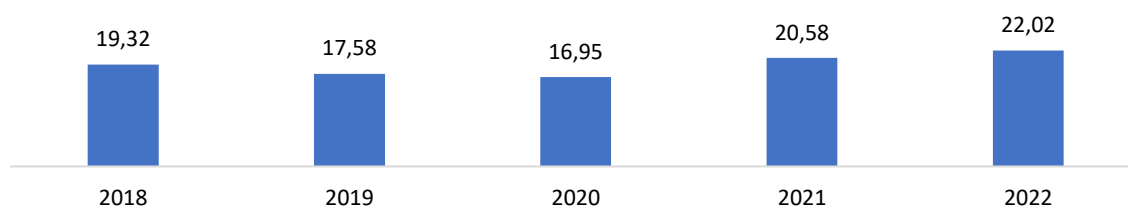
Main aspects in environmental protection that the company pays attention to are:

- protection of atmospheric air;
- responsible water use;
- rational resource and waste management;
- biodiversity.

Protection of atmospheric air

Total emissions of pollutants into the atmosphere (including NO_x, SO_x, volatile organic compounds (hereinafter referred to as VOCs), hazardous air pollutants, fuel oil ash, carbon monoxide), increased by 1,443 tons, or 7 percent, despite a decrease in the total net output of electricity and heat in 2022 by 4 percent during the reporting period. This increase is due to the transition to the instrumental method of measuring pollutant emissions at Sredneuralskaya GRES as part of industrial environmental monitoring.

Total emissions of pollutants from thermal generation, thousand tons



In 2022, emissions of harmful pollutants were within the limits of the maximum permissible standards for all power plants, which is confirmed by the data of industrial environmental monitoring. The Company monitors emissions by using calculation and instrumental methods.

Emissions of main pollutants by type, tons

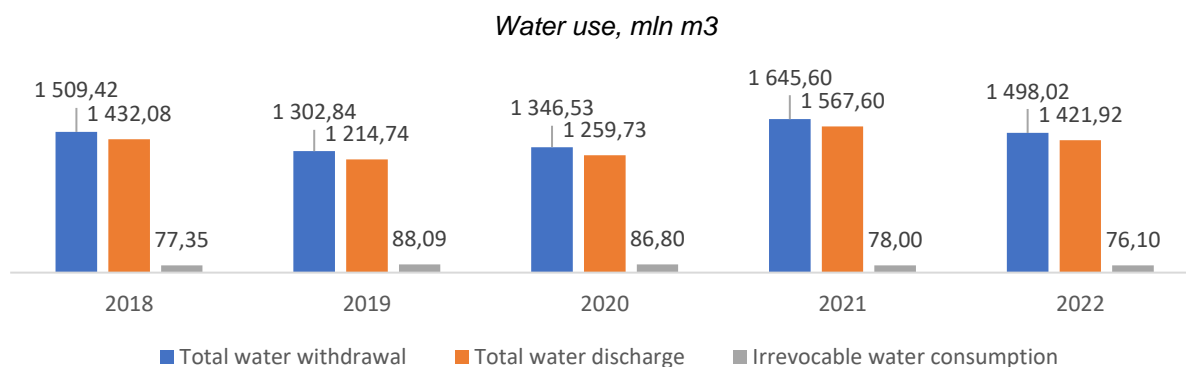
Index	2018	2019	2020	2021	2022
Nitric oxide (NO _x)	15 231	13 738	13 252	16 399	18 844
Sulfur oxide (SO _x)	123	217	252	408	314
Volatile organic compounds (VOCs)	31	31	31	31	30

<i>Fuel oil ash</i>	0	1	1	2	2
<i>Carbon oxide (CO)</i>	3 675	3 371	3 194	3 471	2 775
Total	19 315	17 583	16 953	20 578	22 021

Responsible water use

The production of electrical and thermal energy is a process that requires a sufficient amount of water resources. We therefore recognize the need and try to reduce the consumption of water resources for both industrial and household needs. To do this, we are working on solutions to reduce the amount of water collected and increase the ratio of water reused.

Our power plants use both direct-flow (at Konakovskaya GRES and Nevinnomysskaya GRES) and recirculating, or closed (at Sredneuralskaya GRES), service water supply system. In 2022, water consumption at all power plants of the company was within the established limits. The total volume of water intake for production needs decreased by 10 percent compared to 2021, which is associated with a decrease in the total net output of electricity and heat by all power plants by 4 percent and a reduction in water consumption for cooling the equipment of Sredneuralskaya GRES after the commissioning of treatment facilities with the reuse of treated water.



Irrevocable water consumption in 2022 decreased by another 2.5 percent (in 2021, the decrease was 10 percent compared to the previous year), which is associated with the reuse of treated water at the reverse osmosis unit of Sredneuralskaya GRES used to treat water for feeding boilers and district heating network.

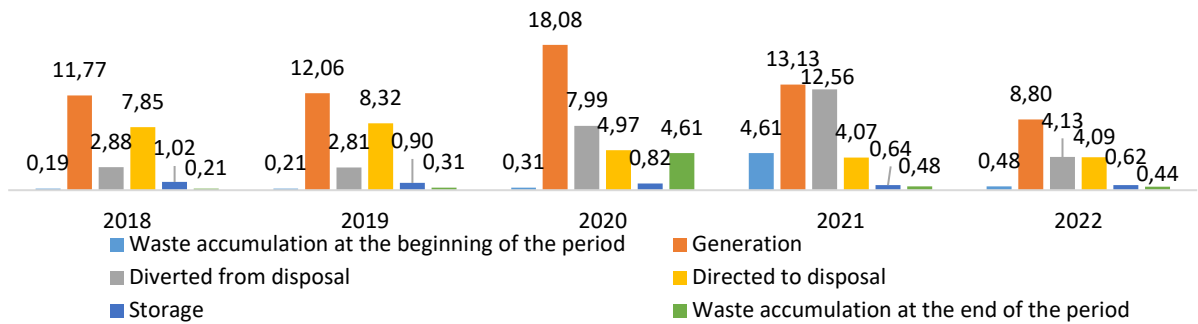
Rational resource and waste management

The rational management of resources and waste in our Company is based on the principles and approaches in the field of circular economy, which we consider as an accelerator for the implementation of the group's sustainability strategy.

In order to carry out technological processes and support activities for the generation of electrical and thermal energy, we use consumables, a significant proportion of which are chemicals required for water treatment and the operation of auxiliary equipment. In 2022, the consumption of auxiliary resources amounted to 4,122 tons, which is 8 percent less than in the previous year. It should be noted that the consumption of auxiliary resources varies from year to year, depending on the quality of the source water, the schedule for replacing filter materials and the frequency of scheduled maintenance. Nevertheless, we try to design our technological processes in such a way as to use the consumed resources as efficiently as possible, and to direct the resulting secondary material resources towards recovery, reuse or recycling.

In 2022, the power plants and subsidiaries of our Company generated 8,798 thousand tons of production and consumption wastes, which is 33 percent less than in the previous year. Due to the specifics of the work performed in the reporting period, the generated waste had a low recycling potential, and therefore 45 percent of the waste was transferred for recycling, which is lower than in the previous year.

Dynamics of waste generation and handling, thousand tons



During the treatment of artesian water used in the production cycle of Konakovskaya GRES, radioactive waste is generated, as a result of the presence of natural radionuclides, namely radium-226 and its decay products, accumulated on filtering materials. This group of wastes is managed in strict accordance with the requirements of radiation safety and the elaborated internal corporate rules and instructions.

Biodiversity

The protection and preservation of biodiversity at all stages of the company's activities is an important part of the PJSC «EL5-Energo» group's environmental strategy. Our commitments to biodiversity are set out in relevant documents: [Environmental policy](#) and the [Biodiversity Policy](#). These documents have been prepared taking into account the requirements of laws and the results of the analysis of the risks of impact on critical habitats and priority species of biological diversity.

[Environmental policy](#), [Biodiversity Policy](#) and [Single-use plastic policy](#),

In order to put the adopted documents into practice, the company has developed and is implementing an [Action Plan for the protection and preservation of biodiversity](#), within which all initiatives were implemented in full in 2022. The main areas of biodiversity activity during the reporting year were:

- prevention of ~~harm~~ damage to aquatic biological resources at the water intakes of thermal power plants by ensuring the operation of fish protection devices;
- Completion of a two-year ornithological monitoring at Azovskaya WPP.

For more information on environmental management, see the Sustainability Report.

Management, development and motivation of employees

The employees of the PJSC «EL5-Energo group» are the most valuable asset and an integral part of our success, therefore we strive to build and develop a corporate culture through the prism of sustainable development, constantly improve the efficiency of the personnel management system and create comfortable conditions for the professional and personal growth of each employee.

The company's approach to personnel management is set out in a number of internal regulatory documents, which have been drawn up in accordance with labour legislation, as well as the principles of corporate and professional ethics.

Throughout 2022, the group has been working on the transformation of business processes in relation to changes taking place in the labour market. By the end of 2022, we have managed to:

- create new functional areas and adapt the organizational structure;
- launch a comprehensive management skills development program for leaders and successors;
- undertake activities to develop and improve the digital skills of employees to the level required for effective process management;
- equip office premises in accordance with the new work regimes, improve working conditions at the power plants;
- carry out activities to promote a healthy lifestyle;
- implement a series of events to support diversity and inclusion.

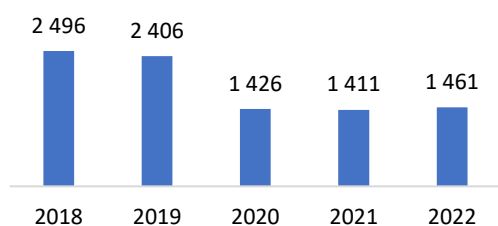
The human capital development strategy has remained the same and includes three main areas around which the management of human capital is structured:

- efficiency and social partnership;
- talent attraction and development;
- culture and engagement.

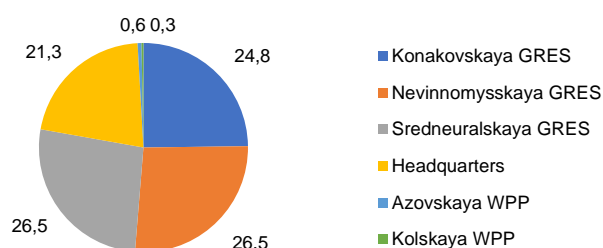
At the end of 2022, the number of people working at the company's generating assets was 1 461. The increase in the number of employees compared to 2021 is due to a change in the structure of the company as a result of the introduction of new competencies in the company's perimeter related to the implementation of renewable energy projects, as well as the replacement of services provided by the group of the companies of the former controlling shareholder.

The average number of employees at thermal power plants is about the same. A slightly smaller number of employees work at the headquarters, performing management and support functions. The smallest structural units are the Azovskaya and Kolskaya WPP, since they are innovative generating facilities, that are automated the operation and do not require the presence of a large number of operational personnel. The vast majority of our employees work on permanent full-time contracts, although this does not preclude the possibility of part-time employment, subject to individual needs and managerial approval.

Headcount dynamics, persons



Employees by power plants, %

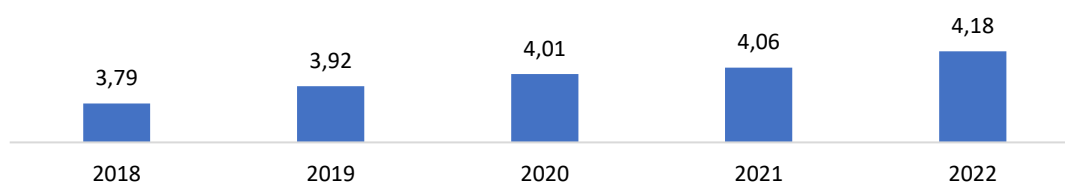


We encourage diversity and believe that a team of people with different life experiences and cultural backgrounds can achieve work objectives in a more integrated way, so the basis of our corporate culture is to ensure equal rights and non-discrimination in both employment and career growth within the Company.

By directing resources to the development and motivation of personnel, we are focusing on productivity, redesigning business processes and identifying areas for change, including through the improvement system that was introduced in all branches. Our employees are active participants in the improvement process, finding and proposing opportunities for optimization and implementing innovative solutions to increase the productivity and efficiency of the power plants.

The steady increase of this indicator over the past five years is due to the implementation of a strategy aimed at efficiency improvement of the power plant processes and by systematic optimization of the number of personnel associated with them.

*Personnel performance dynamics, MW/FTE**



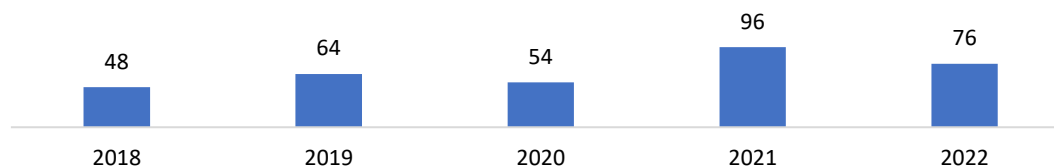
*FTE – full time equivalent.

Personnel development is the most important stimulus for the growth of our company's potential. That is why, in the PJSC «EL5-Energo» group, we pay great attention not only to the pace and quality of professional development of our employees and increasing their level of their expertise, but also to the formation of a culture of succession to ensure the continuity and high quality of management processes.

Strengthening the leadership potential of our employees through the implementation of targeted programs for the development of managers, personnel pool, as well as increasing the level of employee engagement deserves special attention. In addition, to form a high-quality talent pool, we are actively working with specialized institutions of secondary specialized and higher education institutions to increase young people's motivation and interest in building and developing a career in technical specialties.

The Company responds promptly to changing requirements for the qualifications of employees and provides them with the opportunity to acquire new skills in formats appropriate to the current situation. We are committed to expanding educational programs and increasing the number of hours invested in employee training.

Average number of training hours per employee in the Company average (including Azovskaya and Kolskaya WPP), person/hours



A high number of training hours (over 50 person/hours) was maintained thanks to the presence of focused training programs on health and safety, development of digital and leadership skills.

In addition to development, PJSC «EL5-Energo» group pays great attention to employee motivation. Along with material compensation, the Company also offers to its employees non-material rewards. The Company makes sure that all employees of the Company, without exception, have a decent and competitive remuneration package, so that no difficulties affect the comfort level of life of the employees of PJSC «EL5-Energo» group. Thus, the level of wages, as well as the proposed remuneration package, remain comparable to the average level of wages in the electric power industry, while significantly exceeding the average levels of wages in the regions where the company operates. In general, the average salary of the company's employees exceeds the average salary in the regions of presence by 1.9–5.8 times (depending on the region).

In 2022, despite the difficult external context, the Company revised the wages of employees even more than in previous years. This had a positive impact on the company's internal image as a reliable employer. In addition, at the end of 2022, additional funds were used to pay one-time remuneration to employees whose achievements and merits were of particular importance to PJSC «EL5-Energo» group.

The overall employee turnover rate in 2022 was 8.6 percent, an increase of 1.5 percent in comparison to the previous year. This increase was primarily due to the retirement of some employees. At the same time, voluntary turnover decreased by 1.3 percent compared to 2021, amounting to 5.4 percent. In order to manage this indicator and form an optimal human resources policy, we pay particular attention to the reasons of the turnover, analyzing each dismissal according to various indicators. We strive to ensure that our human resources policy meets the challenges and requirements of the times and creates a stable foundation for the further development of PJSC «EL5-Energo» and its subsidiaries.

We are committed to the well-being of our employees and strive to help them achieve a work-life balance and reduce stress. We create a pleasant working environment, offer high-quality medical insurance and provide additional guarantees and benefits. These initiatives are designed to improve the quality of our employees' lives. Thus, 100 percent of our employees are covered by the corporate insurance system, which includes:

- life and health insurance;
- voluntary medical insurance;
- insurance of the risk of oncological disease;
- insurance for people traveling abroad;
- vaccination against seasonal diseases (influenza and COVID-19 virus), as well as vaccination against tick-borne encephalitis for employees working in regions, where this virus is endemic and whose work involves the risks of being bitten by ticks.

With regard to social partnership, in 2022 PJSC «EL5-Energo» concluded collective agreements for 2023–2025, ensuring continuity with respect to previously valid agreements and balancing the interests of the employer and company's employees. Also in 2022, the parties to the social partnership agreed on changes to the non-state pension program for employees. These changes will take effect at the beginning of 2023.

In order to raise employees' awareness regarding the company's strategy in the field of regulation of social and labour relations, changes in the wage system and the non-state pension provision plan, special communication sessions for employees were held in 2022.

We care and support not only the current employees of the Company, but also people who have been part of the team for many years and have left it due to reaching retirement age. For many years, the Company has had a program of non-state pension scheme for employees, which is available to those colleagues who have worked for the Company for more than 10 years at the time of retirement. In 2021, the company's management decided to change the strategy for corporate pensions for employees. During 2022, a new pension scheme was developed, providing for the joint participation of an employee and the Company in the formation of pension savings, which is possible from the first day of work in the Company. The updated program came into effect from the beginning of 2023.

For more details on the company's HR policy, management, development and motivation of employees, see the Sustainability Report.

Health and safety

[Integrated health, safety, environment, quality and energy efficiency policy](#)

The health and safety of employees and contractors is not only a matter of ~~preserving~~ safeguarding the life and health of all those who work on the territory of our power plants and subsidiaries, but also of creating conditions and culture that allow us to act safely and responsibly in various life situations.

We carry out our activities both in accordance with the requirements of the Labour Code and undertaking voluntary commitments obligations in accordance with the international standard ISO 45001. Health and safety management system is based on the Integrated Health, Safety, Environment, Quality And Energy Efficiency Policy, which applies not only to the employees of the group, but also to representatives of contractors performing work on the territory of our power plants and subsidiaries.

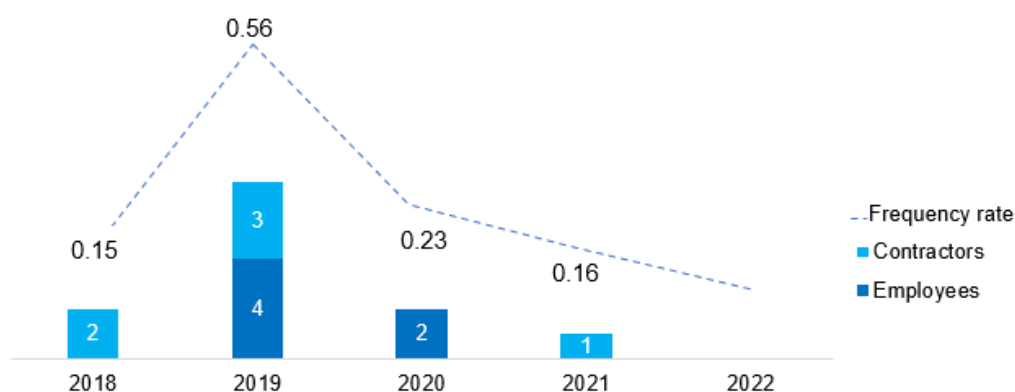
The group uses combined indices as the main statistical indicator, taking into account both accidents involving company's employees and accidents involving contractor's employees during their work on our territory. In 2022, we continued to use the approach of using three separate indices, which correspond to the generally accepted ones, to account for the severity of accidents:

- ~~the~~ number of fatal accidents;
- ~~the~~ number of life changing accidents;
- other relevant accidents related to the company's activities.

In addition, we also keep track of the Lost Time Injury Frequency Rate (LTIFR) and Injury Frequency Index, which, like the previous ones, is calculated per 1 million hours worked.

Over the past five years, the group has not recorded a single case of fatal occupational injuries among employees of the company, its subsidiaries and contractors, and not a single life changing accident. Moreover, in 2022 we managed to achieve the "zero accidents" rate among the company's employees and contractors in the joint perimeter of thermal and wind generation.

Accident frequency rate and number of accidents (within the group's generating and construction assets) by employees and contractors*



* *Frequency rate calculation formula: number of all accidents involving employees of the company and contractors * 1 000 000 ÷ number of hours worked by employees of the company and contractors.*

Regular medical examinations are carried out to monitor the health of the company's employees. In addition, there is a 24-hour medical center on the territory of each thermal power plant, which can be contacted by any employee or contractor. Depending on the patient's condition, the employee of the medical center can provide assistance on his own, send him for additional examination to the appropriate medical institution or call an ambulance team in emergency situations. In addition, the group's employees have the opportunity to independently seek medical care at any time, in accordance with the voluntary medical insurance program, which applies to all employees without exception.

For more information on health and safety, see the Sustainability Report.

Engaging the local communities

PJSC «EL5-Energo» Group recognizes that its activities have both a direct and indirect impact on the socio-economic situation, employees and local communities in the regions where company's power plants and subsidiaries are located. The group's goal is to create value by building effective and long-term partnerships with local communities and following the principles of responsible corporate behavior in terms of creating competitive jobs, paying taxes, conducting business ethically and managing risks. The group committed to supporting and contributing to the socio-economic development of the territories of its presence by maintaining a constant dialogue and involving representatives of small and medium-sized businesses in its projects as part of the processes of increasing the sustainability of the supply chain, supporting NGOs and other local organizations. This allows to create and promote initiatives that mutually enrich all parties involved and contribute to the development of the regions of presence.

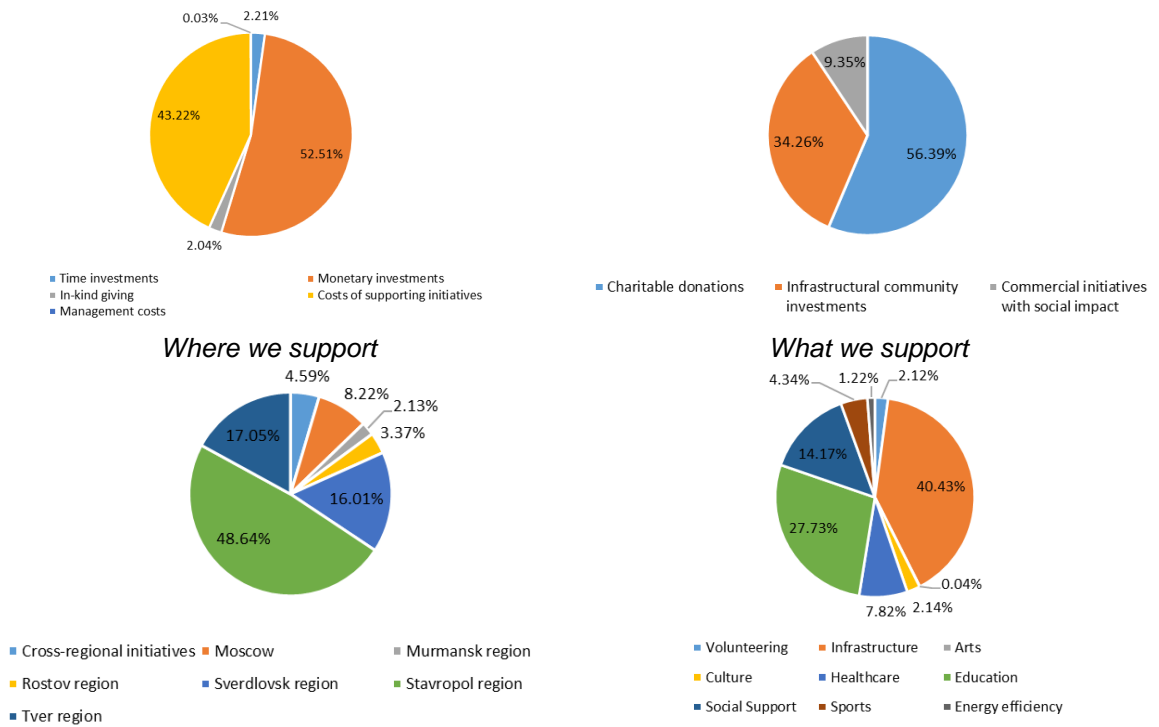
Program of support and development of local communities is the main instrument of the group's financial participation in the socio-economic development of the regions where it operates. To maximize the impact of the investments made, we work closely with representatives of the regions, both with the local administration and with residents (whose opinions and expectations are also broadcasted by the company's employees, who are an integral part of local communities). The focus of the Company in the process of implementing the Program is directed to:

- support for the health care system;
- support for institutions of preschool, additional general and secondary special education, institutions of higher education;
- support for social institutions providing services to the most vulnerable groups of the population: the poor, the disabled, individuals and families in difficult life situations, etc.;
- support for institutions and organizations promoting sports and a healthy lifestyle;
- development of infrastructure projects and some others.

To further increase the engagement of local socially oriented organizations, active groups from among the local population and employees of the power plants and subsidiaries of the company, we have introduced a new tool - PJSC «EL5-Energo» Social grants Competition. The aim of this competition is to form and raise the level of social and civic activity, promote and maintain the active position of local business and civil society in the territories of our presence. 28 applications were submitted to the competition, from which five winning projects were selected to receive financial support in 2023.

We are not limited only to the implementation of the program of support and development of the territories of our presence, but join forces with other divisions of the company, for example, the Internal Communications, the Environmental Unit or HSEQ Department. Thus, in the expanded perimeter of interaction in 2022, 75 projects were implemented, which covered more than 123.3 thousand beneficiaries. The total budget for the implementation of these initiatives will be more than 60.85 million rubles. (32.84 million rubles were allocated to similar projects in 2021). In its initiatives, the company tries to focus on projects that create long-term value for beneficiaries, and therefore preference is given to complex projects involving several participants or projects consisting of several stages of implementation.

How we contribute *Social investments, %* *Why we contribute*



For more information on engagement of local communities, see the Sustainability Report.

Digital technologies

The limitations of geopolitical origin have set new challenges for the company in 2022. External challenges led to the need to quickly abandon the old information systems. Thanks to the well-established processes of interaction between the divisions, a plan on transfer of information systems located in foreign data processing centers was drawn up and implemented in the shortest possible time. As for other systems that couldn't be transferred for some technological or economic reasons, there was arranged a replacement with local solutions. Using a flexible implementation approach and direct user support, each transition to the local systems took less than one month, assuring the continuity of the company's business processes. Despite the new challenges in 2022 the company continues following the same path of applying advanced information technology practices, including:

- cloud services;
- data-driven approach;
- artificial intelligence;
- Internet of things;
- cyber security.

Since in 2022 many foreign hardware manufacturers and software developers stopped licensing, updating and supporting their platforms for the Russian companies a new priority has emerged to gradually refuse from the use of foreign hardware and software.

The major event of 2022 is launching of the first stage of Kolskaya WPP into commercial operation, thus, following the company's path to the digital green generation. To implement this project, digital solutions were scaled up taking into account the experience of commissioning Azovskaya WPP in 2021. Besides, the modernized solutions provide commercial generation. There was carried out large-scale work to arrange and support the infrastructure for collecting and transmitting the data from the wind farms, data center resources and the development of application systems. Thanks to the results of this work it became possible to obtain an integrated digitalization and management system for both the wind farms operated by the company.

Similar to Azovskaya WPP, Kolskaya WPP is controlled using a remote-control panel located in Moscow office, and the main infrastructure of digital solutions is distributed between the windfarm site and an external data center. Such architecture allows in the near future to significantly increase the reliability and ability of the system to scale up to other green generation facilities.

To support operation in the electricity market, Kolskaya WPP was fully integrated into the digital ecosystem. Full support for operation in the market of choosing the composition of the generating equipment used, the day-ahead market and the balancing market, as well as regular analytical reporting are fully implemented on a par with the thermal power plants in the "Generation Management and Market" and "Corporate Data Storage" systems.

The IT service monitoring system was expanded to include the infrastructure facilities of new Azovskaya WPP, the mechanisms for informing and processing messages and accidents were improved, taking into account the operating mode and management of the branch.

Last year the company successfully completed the first stage of introducing a system of information interaction with the tax service to ensure the application of the tax monitoring mode. The system functions in accordance with the current legislation of the Russian Federation and receives the necessary data and supporting documents from the existing systems of the company. The Tax Inspectorate has access to the published data and documents for analysis and disclosure of the tax returns. At the next stage it is planned to implement integration with the information system of the Tax Service as per the requirements.

In 2022 the company performed a successful transition to the Russian information resources, in particular:

- SAP E4E and financial document management system were transferred to the Russian data center;
- the foreign Safety system was replaced by a Russian cloud solution;
- all users and personal computers were transferred from the global domain to a separate Russian domain.

The main prospects for developing the information technologies

Implementing a Data-Driven Approach	Import substitution	Development and implementation of digital tools
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Implementation of the digital transformation program and introduction of digital technologies are within the responsibility of the Information Technologies unit.

The Information Technology unit forms its goals in accordance with the company's strategy based on improving business efficiency and the principles of sustainable development. To ensure the effectiveness of the development of digital technologies, the company sets short- and medium-term goals, breaking them down by main divisions. The short-term goals relate to the projects that are being planned and implemented with proven effect. The medium-term goals refer to the projects that comply with the medium-term strategy of the company and will be efficient in several years. The list of our goals is a long one; it proves our determination and efforts in further development of the digital approach in our company. We pay special attention to introduction of the most advanced computing systems, resource optimization, introduction of solutions to improve the efficiency and safety of operational and technological processes and reporting system development.

Short-term and medium-term goals

Short-term goals, up to 3 years	Medium-term goals, 3-5 years
<ul style="list-style-type: none"> • Introduction of systems focused on data management algorithms and grid computing • Introduction of import-independent platforms, development of the company's own solutions. Transition to domestic services of joint work of the employees • Development and optimization of interaction with the Federal Tax Service in the tax monitoring mode • Extension of the use of mobile applications to support the work of the employees in the industrial premises • Implementation of the solutions allowing monitoring of parameters characterizing the state of the employees and the environment at the remote industrial facilities 	<ul style="list-style-type: none"> • Implementation of the domestic platform solutions • Transition to the domestic operating systems • Implementation of artificial intelligence systems, development of a user interface based on virtual and augmented reality technologies. • Development of analytic reporting based on big data (Data lake) • Business process robotics and optimization, implementation of digital solutions to support a risk-based approach in operations • Modernization of public address and notification systems in the production branches based on the domestic solutions

- | | |
|---|--|
| <ul style="list-style-type: none"> • Proactive identification of potentially dangerous situations in the production branches using video analytics | |
|---|--|

Enhancing knowledge and qualification in information technologies

To develop the digital technology potential, we pay special attention to development of digital skills in all employees of the company. Last year we held Digital Days where the employees from various units and the management of the company could not only acquire new knowledge but also share their experience and best practices with their colleagues by holding own lectures. Topics of speeches: Cloud data storages, remote work, life hacks on using application software, visualization tools and other useful digital skills.

Digital Days have proven to be a good way of developing the staff and management of the company at any level and we will be actively using it in the future on the annual basis.

In addition to the Digital Days, topic-based and one-to-one online consultations were organized.

We realize that digital progress depends not only on the technologies, but also on the staff readiness to digitalization. A combination of efficient staff training and the advantages of the modern technologies makes it possible for us to have efficient business in various modes of operation – on the shop floor, remotely, or mixed.

Information Security

To protect the personal data of the company’s employees and customers and to take advantage of digital technologies, and as part of the efforts to achieve sustainable development goals, PJSC «EL5-Energo» pays great attention to the information security issues. Its provision is carried out by a team of specialists using various means of the data protection and engaging specialized organizations. All technical and organizational measures and procedures performed are implemented according to the international standards and requirements.

Realizing the importance and necessity of ensuring the security of information and industrial automated control systems, in 2022 the company continued active work aimed at meeting the requirements of the legislation on protecting critical information infrastructure and interacting with the state regulatory authorities. Following the requirements of Federal Law No. 187-FZ as of July 26, 2017 “On the Security of the Critical Information Infrastructure of the Russian Federation” and the company’s information security regulation, much attention is paid to building internal processes to meet the requirements of the regulatory documents and the necessary technical measures. To this end, significant work has been carried out to implement technical measures to protect the critical information infrastructure facilities and introduce a security system for the critical information infrastructure facilities.

Information security risk management is part of the risk management and internal control system (for more details, see the Risk Governance section of the present Annual report).

Group Strategy

Balance between steady development and financial stability

Key Business Areas, Prospects for Developing

Our main goal is to create long-term value for the shareholders, employees, partners and other stakeholders. The approach is based on ensuring the balance between growth, financial stability and shareholders’ remuneration.

<p>The Corporate Governance Code recommended by the Central Bank of the Russian Federation for use by joint-stock companies having the securities admitted to on-exchange trading</p>

<p>The Dividend Policy Regulation</p>

The financial strategy is approved by the Board of Directors of PJSC «EL5-Energo», while the responsibility for implementing the financial strategy rests with the General Director as well as line directors in the relevant unit (more details in the Organizational Structure section of the present Annual Report).

The Group annually publishes the information on its main operational and financial business results as well as the information on the company's strategic priorities for a short and long term. On a quarterly basis the Group discloses its financial results for the previous period providing comments by the management (More details in the Interaction with the Shareholders and Investors Section of the present Annual Report).

The key elements of our strategy are the development of newly built renewable generation facilities and modernization of the existing gas-fired power plants aimed at achieving the UN Sustainable Development Goals (SDGs): SDG 7 (Affordable and Clean Energy) and SDG 13(Climate Action). PJSC «EL5-Energo» confirms its commitment to other SDGs by promoting the sustainable business model and applying the sustainability practices. More information about our commitment to the UN SDGs can be found on the company's website.

According to the three-year Business Plan for 2023–2025 approved by the Board of Directors of PJSC «EL5-Energo» the group expects a stable total electricity production of 20–21 TWh per year. A slight decrease in output from the gas-fired power plants is offset by a gradual increase in output by the windfarms. In the coming years the group's financial performance is expected to grow moderately due to Kolskaya WPP reaching its full capacity, KOM price increase, as well as indexation of the regulated tariffs. Growth in the financial performance will be constrained by the increasing gas prices, inflation of the fixed costs and supporting investments. The group's net debt will continue to increase in 2023-2024 due to the financing of the previously launched modernization projects. A decrease in the net debt is expected since 2025.

Due to the high debt burden posing significant risks to the group's financial stability and limiting its development prospects and investment attractiveness, the Board of Directors has determined the reduction of the debt burden as a priority task of the financial policy. According to the approved Business Plan as well as the five-year plan for the period up to 2027 the entire free cash flow of the group shall be aimed at the debt reduction. Thus, due to the change in the priorities of the financial policy, the Board of Directors decided to refrain from making recommendations to the General Shareholders' Meeting of PJSC «EL5-Energo» regarding payment of dividends until the optimum level of debt burden is reached.

2022 Other Results

In 2022 the international credit rating agency Fitch withdrew the rating of the group due to the geopolitical factors.

Besides, Expert RA rating agency lowered the rating of PJSC «EL5-Energo» down to ruA+/Stable primarily due to the increased debt levels following the increase of capital expenditures in construction of new generating facilities. Moreover, the rating downgrade was influenced by the changed methodology with respect to the midterm assessment of the financial metrics compared to the previous assessment results.

Development of Renewable Energy Sources Modernization and Programme Implementation

In 2022 despite the technological limitations due to withdrawal of many foreign suppliers from the Russian market, PJSC «EL5-Energo» continued to expand its portfolio of projects related to the renewable energy sources through the synergy of the efforts made by the experts in engineering and construction, operation and maintenance, business development, commerce and law, procurement, finance, health and safety, digital solutions.

Commissioning on December 1, 2022, of the first stage (170 MW) of Kolskaya WPP, the largest wind farm in the world beyond the Arctic Circle became one of the major events for our company. As a result of the implementation of this project the share of RES in the total electricity generation of PJSC «EL5-Energo» has increased to 1.4 percent.

We successfully solved the problems with ordering foreign materials, spare parts, we ensured the possibility of further servicing not only Kolskay WPP but also Azovskaya WPP. Over the past year Azov WPP generated 268 million kWh of green electricity for the needs of industrial consumers and the population of

the region equaling to ~14.4 percent of the total electricity generation by the wind farms in Rostov region, thus contributing to the gradual decarbonization of the Russian economy.

Speaking about the results in the thermal generation, first of all we'd like to highlight that the equipment accident rate was reduced twice compared to 2021. We are also pleased to share that reconstruction of boiler No. 5 and turbine No. 4 at Nevinnomysskaya GRES was completed on time and within the budget. Last year was the first period of the equipment operation showing its reliability and economic efficiency.

At Sredneural'skaya GRES design and preparation for replacement of turbine generators No. 7 and No. 6 with partial replacement of the heating surfaces of boiler No. 9 were completed. Based on the results of the implementation of these two modernization projects, the total capacity of the plant will increase by 40 MW till 2025.

More than half of all waste generated last year was transferred for use and neutralization. At Sredneural'skaya GRES the main part of the work on the project for the construction of treatment facilities is completed. And implementation at Konakovskaya GRES of one of the largest environmental projects - elimination of sludge ponds- has become a particularly striking event. This is a truly significant project not only for our company, but for the entire Tver region, which gave a second life to a large territory and confirmed the team's commitment to respect for the environment.

*Oleg Nikolaevich Kosmenyuk,
Deputy General Director – Head of Generation*

Development of Renewable Energy Sources

As per the decision of the Government of the Russian Federation, a large-scale program to stimulate the development of the electric power industry based on the use of renewable energy sources is being implemented since 2013. The program provides for an increase in the share of production and consumption of the electricity based on RES in the energy balance of the Russian Federation, as well as the creation of the necessary conditions for the development of localized production of generating and auxiliary equipment for RES. As part of the implementation of this program, at least 5.4 million kW of installed capacity of new generating facilities based on renewable energy shall be built.

This initiative has become a catalyst for the formation of the national RES industry and the adoption by PJSC «EL5-Energo» of a strategic decision to invest in the projects for the construction of generating facilities based on renewable energy sources.

In June 2017 the company was granted the right to build two wind power plants with the installed capacity of 201 MW in Murmansk region and 90 MW in Rostov region as part of the competitive selection of new renewable energy projects. The selection took place within the framework of the state program to stimulate the development of renewable energy generation by providing the winner with a guaranteed payment for capacity under a capacity supply agreement in the wholesale market for a period of 15 years.

In 2021, the Government of the Russian Federation decided to extend the state program for the development of generation based on renewable energy sources and introduce new incentive mechanisms for the period from 2025 to 2035.

Despite the new external and internal challenges in 2022 the national RES industry continued developing progressively. In the wind generation segment, the brightest event was the commissioning of the first phase of Kolskaya WPP. Kolskaya WPP is the largest wind farm in the world beyond the Arctic Circle. Since December 1, 2022, 170 MW (84 percent of the design capacity of the facility) has been put in operation.

On March 1, 2023, the second stage (31 MW) of Kolskaya WPP was put into commercial operation, thus ensuring the 100 percent output of the 201 MW installed capacity in the UES of Russia.

At the same time, in 2022, the generating companies commissioned 231 MW of total capacity of new wind farms in the Russian energy system.

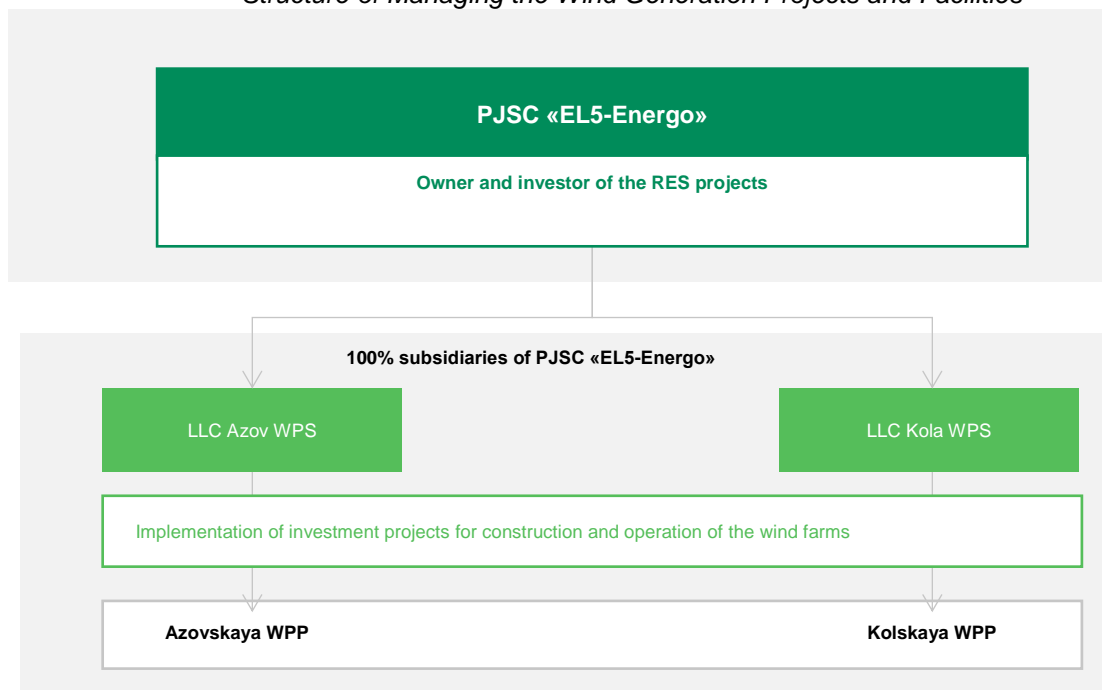
Existing WPPs of the Company

Name	Capacity	Generation/year	Location	Commencement of Construction	Commercial Operation Date	Status	291 MW – total installed capacity 1,070 GWh – electric power generation per year 850 kilotons – reduction of the volume of CO2 emissions per year
Azovskaya WPP	90 MW	320 mln kW·h	Rostov region	May 2019	May 2021	Put into commercial operation	
Kolskaya WPP	201 MW	750 mln kW·h	Murmansk region	September 2019	December 2022 – first stage March 2023 – second stage	Put into commercial operation	

Being an active member of major business and industry associations in the country, PJSC «EL5-Energo» elaborates proposals on improving the regulations governing the operation of renewable energy, as well as further encouragement of long-term development of the renewable energy generation. We implement our renewable energy projects in full compliance with the internal procedures and policies adopted by PJSC «EL5-Energo», in particular:

Integrated Policy for Quality, Health, Safety, Environment and Energy Efficiency	Code of Ethics	Zero-Tolerance-to-Corruption Plan
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Structure of Managing the Wind Generation Projects and Facilities



Infrastructure Development during RES projects realization

Construction of wind farms, in addition to the introduction of new generating capacities, has also a beneficial effect on the surrounding infrastructure, including local businesses and communities.

According to the terms of the CSA RES program the percentage of equipment and work localization for each project shall be at least 65 percent. This means that a significant part of the equipment and work associated with the construction of wind farms is produced in the territory of the Russian Federation by local factories and specialized companies. The level of localization for Azovskaya WPP is 67 percent, for Kolskaya WPP is 68 percent.

For delivery of each WTG to its installation point at the construction site, we built on-site driveways. For Azov project the length of on-site driveways is about 16 km, and as part of the construction of Azovskaya WPP, we reconstructed an external access road having the length of about 5 km from the wind farm to the border with Krasnodar Territory, which is used not only for the needs of the wind farm, but also by the local community. For Kola project, the length of the on-site roads is about 56 km.

For the technological connection of Azovskaya WPP, the company built a power transmission line with rated voltage of 110 kV and a length of ~50 km, for Kolskaya WPP - a power line with rated voltage of 150 kV and a length of ~70 km. The construction of high-voltage transmission lines along with the wind farms will increase the flow of electricity within and out of the regions, providing higher reliability of energy supply for consumers.

Operation and Maintenance

Azovskaya WPP is operated both by the employees on site and the staff at a remote-control room in the Headquarters in Moscow. Upon completion of the construction Kolskaya WPP is also controlled from a remote-control room in Moscow. Thus, the company has created and successfully operates a single control center for the operation of the wind farms, which contributes to the expansion of the competence of the company's own personnel in the WTGs operation and maintenance.

As part of the operation and maintenance, monitoring of the sanitary protection zone around the wind farms and ornithological research are carried out. For more information on environmental responsibility, see the Sustainability Report.

For the first time in the UES of Russia, the project of remote control of the active and reactive power of a wind power plant was implemented at Azovskaya WPP. Previously, in the UES of Russia, remote control of both active and reactive power was used only at solar power plants. Thanks to the results-oriented position of the company and effective cooperation with the System Operator, the implementation of the project made it possible to ensure the full effective integration of wind farms with a sharply variable load into the Unified Energy System.

Until now, at WPPs in Russia there were projects of remote control over the active power only, which increases the efficiency of the participation of the power plant in the overall primary frequency control in the power system, and also by promptly reducing the output active power on the commands of the System Operator, thus contributing to the most rapid restoration of the normal mode-balance situation when the electric power regime deviates from the planned dispatch schedule - for example, in the event of accidents in the power system.

Therefore, the remote control of the reactive power at Azovskaya WPP creates an additional tool for emergency control and optimization of the electric power modes of the UES of the South due to the operational regulation of voltage levels at the nodes of the electrical network.

Before the start of the 2022–2023 autumn-winter period the employees of the Ministry of Energy of the Russian Federation checked the readiness of the wind power plant to bear the load in many ways, including system reliability, energy production and supply, technical condition, staff readiness, and emergency response activities. As a result, the Azovskaya WPP index of operation readiness in cold weather was rated as the maximum of 100 points.

Force-majeure Impact

In 2022 the Supervisory Board of the NP Market Council Association recognized a force majeure event at Kolskaya WPP due to an unforeseen reduction in the bearing capacity of the bridge on the only road from Murmansk to the construction site. As a result, the company successfully negotiated fine amnesty with the key market participants in three months, reaching approximately 19 percent of the share of the agreements signed.

Modernization Programme Implementation

Thermal Generation division is in charge of power generation fleet management.

In relation to the management activities, it is in charge of coordination over operation and maintenance processes, equipment servicing, its efficiency improvement, development and further implementation of modernization projects, project execution, decommissioning of equipment that has reached the end of its operation life.

At the operational level the division is responsible for the electricity and heat production in accordance with the required volumes, the provision of power by maintaining the generating equipment in a technically sound condition and readiness for operation as per the requirements of health, safety, environment and quality.

The company acknowledges the importance of climate change and is committed to taking urgent measures against climate crisis. By modernizing the existing equipment at its gas stations, the company seeks to reduce its climate impact. For more information about the company's participation in the climate agenda, see the Sustainability Report.

In 2019, the Government of the Russian Federation approved a program for the modernization of thermal power plants under capacity supply agreements (CSA) which will last from 2022 to 2031 and will allow the modernization of about 41 GW of existing capacities. The Program foresees, first of all, the use of locally produced equipment compliant with the localization requirements. The main criterion to define the type of equipment to be included into the Modernization Program is a low cost of 1 kWh. Following the outcomes of the projects selection, generating companies undertake responsibility to supply capacity within 16 years. In 2022 a number of events occurred that affected the progress of the modernization program. On the one hand, there was an increase in the cost of materials and equipment due to the high workload of the industrial manufacturers. On the other hand, restrictive measures were introduced by a number of foreign countries, which led to the withdrawal of many foreign equipment manufacturers from the Russian market, thus posing new challenges and tasks for the electric power industry in terms of import substitution.

The Company continues to implement modernization projects and expects as well to meet the deadlines and the budget for the project to replace turbine unit No. 7, turbine unit No. 6 and partial replacement of heating surfaces of boiler No. 9 at Sredneuralskaya GRES.

As an active member of major business and industry associations in the Russian Federation, the company develops proposals for improvement of the regulatory framework regulating processes related to modernization of thermal generation equipment, including introduction of combined cycle gas turbines produced locally (localized).

The Company's Modernization Projects

Name	Location	Capacity	Equipment	Project Efficiency		Project Status
Nevinnomysskaya GRES	Stavropol Territory	–	Boiler № 4, performance 480 t/h	Improve Reliability, Increase Efficiency, Reduce Environmental Impact		Currently, supply of equipment for boiler 4 and the adjustment of the project to new conditions are underway.
Sredneuralskaya GRES	Sverdlovsk region	100 MW	Turbine № 7	Increase capacity by 40 MW, increase reliability, efficiency, decrease environmental impact		Selection of contractors, equipment manufacturing, procurement procedures, site mobilization
Sredneuralskaya GRES	Sverdlovsk region	100 MW	Turbine № 6, boiler № 9, performance 480 t/h			Selection of a design organization and main contractors

Projects modernization team includes specialists for business development, engineering and construction, procurement, finance, legal affairs, health and safety, digital solutions.

Modernization Projects Implementation

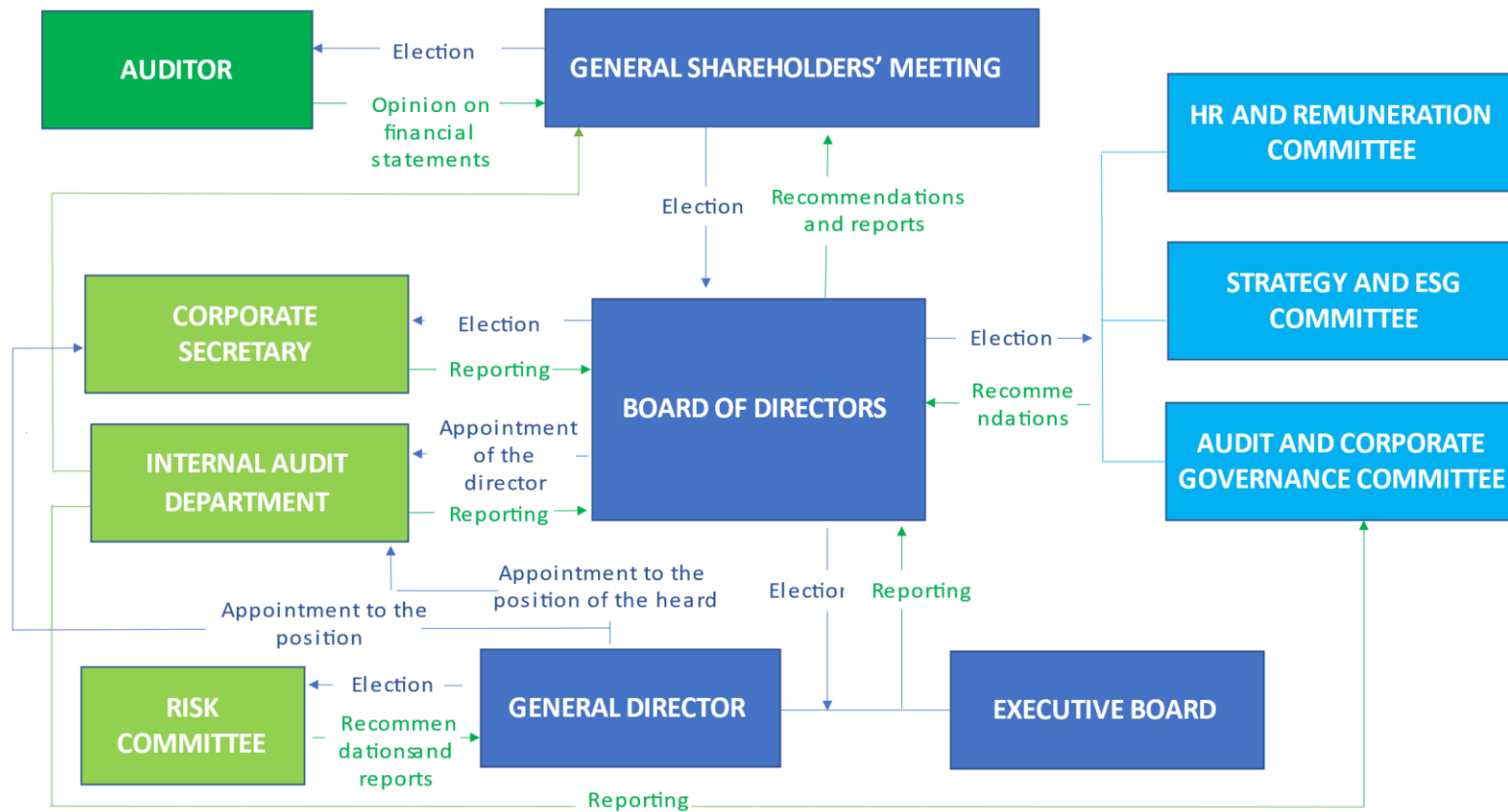
Currently, technical and design documentation is being developed, the main equipment is being manufactured, a significant part of which has already been produced, pipelines are being manufactured and delivered, storage sites are being prepared and the site is being mobilized.

PJSC «EL5-Energo» is actively preparing for participation in the tender with domestic (localized) gas turbines with the implementation of projects in 2026-2028. As part of the company's strategy, options are being also reviewed to replace the existing equipment of the steam-power cycle with more efficient combined-cycle equipment.

Risks and corporate governance

Corporate governance focused on the best national practices

Corporate governance and risk management system⁹



⁹ The diagram reflects the state as of December 31, 2022. The diagram does not show the Related Party Transactions Committee, abolished in December 2022, with more details available in the relevant part of the present Annual Report.

Risk Governance

The past year 2022 brought many unexpected and not the most pleasant surprises for the country's Utilities sector. Unprecedented turbulence at the Russian financial market, the far from stable situation on international markets, geopolitical tensions and, of course, the disruption of supply chains due the withdrawal of foreign companies operating in the power industry. All this has become a real challenge for many generating companies, including us.

For the Risk Governance and Internal Control System, this was a test of strength, which was successfully passed. Thus, in February 2022, an anti-crisis map of response to the new risks was created to maintain the continuity of the company's business processes, then relevant measures were taken at the level of business units, including those related to financing and keeping the generating equipment in operation. At the risk control level, a coordinating role was carried out and information was consolidated for decision-making by management. In addition, a number of important issues related to information technology were resolved within the framework of the meetings of the Risk Committee. Internal audit promptly informed the Board of Directors of the top priority issues that required their attention. As a result, the measures taken have borne fruit, and the most critical risks were covered in a timely manner. Of course, here it is also important to note the cohesion and dedication of the team, without which even the most perfect system would not give any results.

Thus, it can be stated that the Risk Governance and Internal Control System showed its best side and made a significant contribution to maintaining the activities of the company and fulfilling its tasks in 2022, which is also confirmed by the decision of the Board of Directors dated December 22, 2022, which recognized that the system was effective during 2022.

*Elena Yuzefovich
Risk Control Senior Manager*

Description of the Risk Governance and Internal Control System

Risk Governance and Internal Control are the fundamental elements of strategic and operational management, as well as significant components of corporate governance.

Compliance with the norms and principles of corporate governance allows us to exercise effective control over the functioning of the company's management bodies, and reduces risks in their activities.

The Risk Governance and Internal Control System (hereinafter within this chapter - the "System") is compliant with a model based, on the one hand, on constant study of risk factors and profiles, application of the best practices applicable to risk management in the power sector, and on the other hand, on the provision of resources necessary for risk taking in business activities.

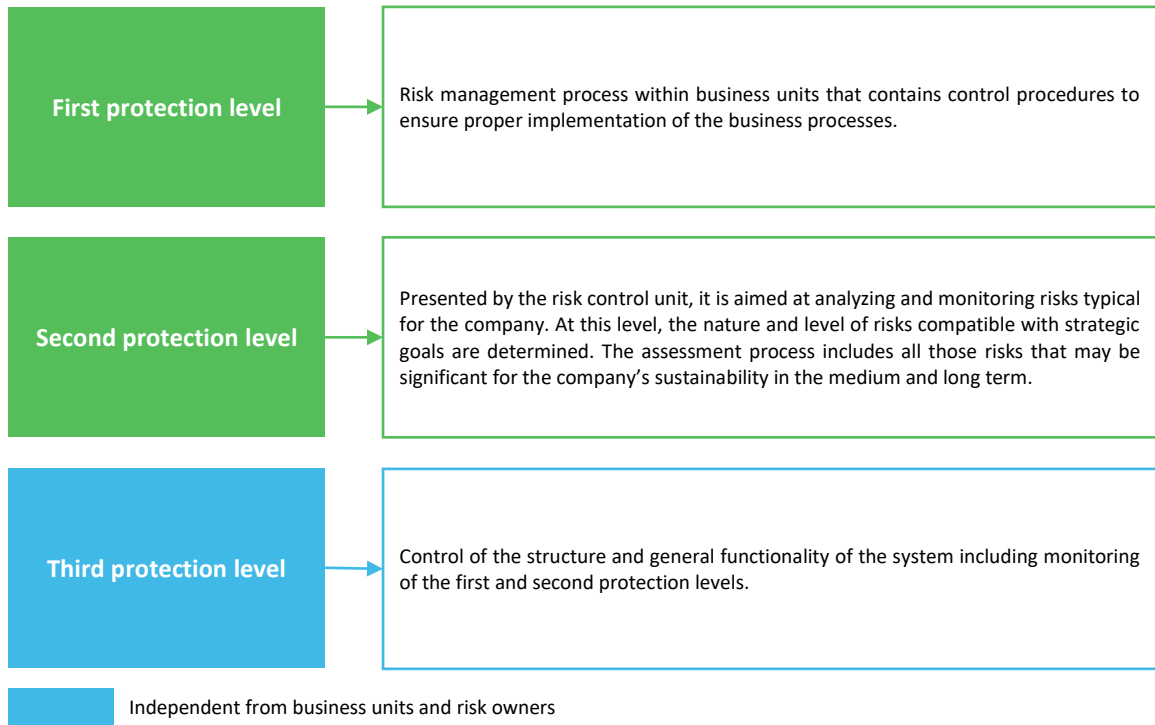
The system is aimed at identifying, assessing, managing, monitoring and controlling the main corporate risks of the company in order to ensure a comprehensive vision of company's managers who makes decisions taking into account all risks properly assessed in the medium and long term.

The principles and approaches to risk assessment applied in the company are based on the best models implemented in accordance with local and international standards.

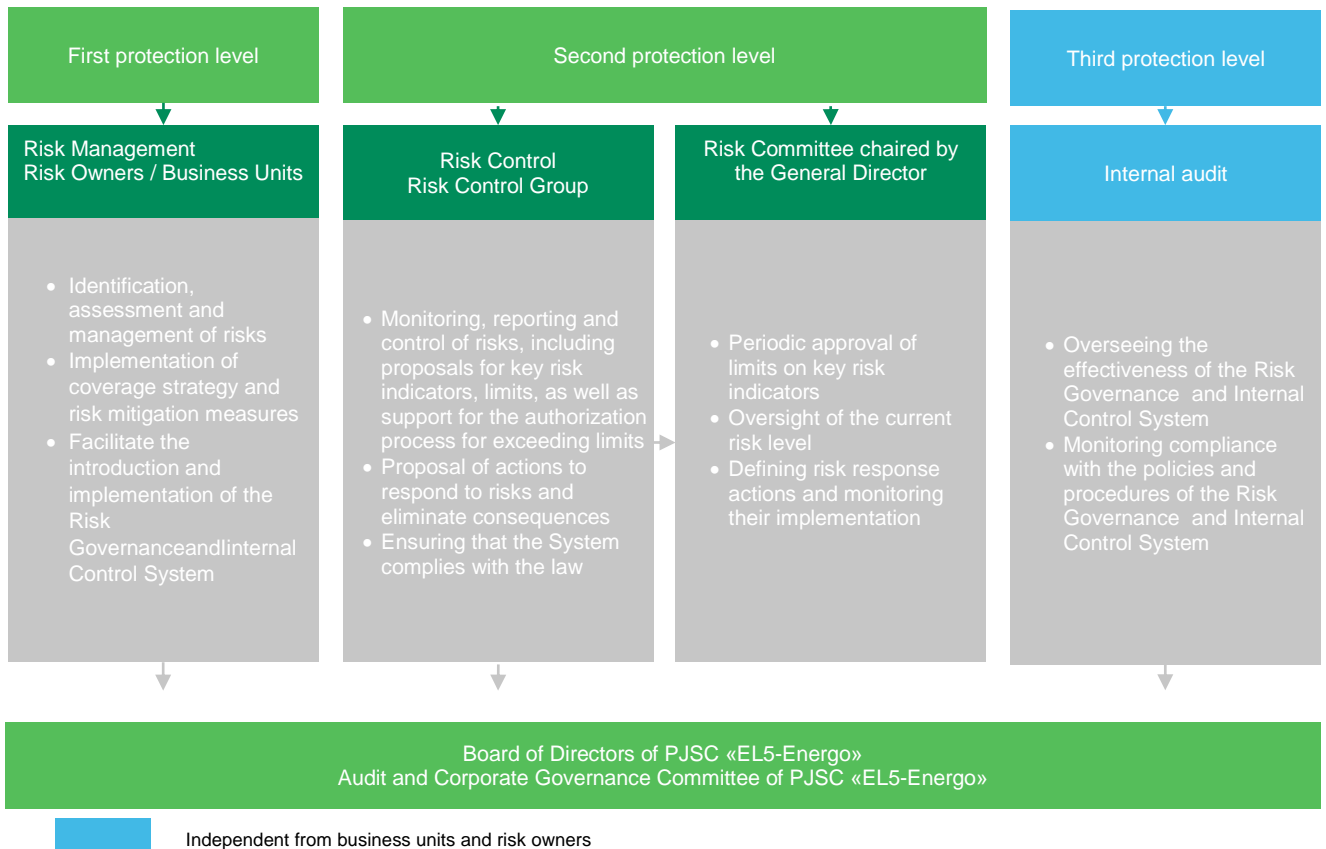
The system is an integral part of the overall organizational and corporate governance structure adopted by the company and is based on the best international practices, including ISO 31000 standard "Risk Management – Guidelines", and the principles of the Corporate Governance Code recommended by the Bank of Russia.

A centralized approach to risk management makes it possible to standardize processes and tools in relation to risks identification, assessment, mitigation, monitoring and reporting. For relevant risks, the company has identified the appropriate managers responsible for risk management within key business processes. Thus, the System is integrated into the company's key business processes.

The system is divided into three protection levels



Risk Governance and Internal Control System



In accordance with the Risk Governance and Internal Control Policy (hereinafter referred to within this chapter – the "Policy") responsibility for the processes of identification, evaluation, management, monitoring and control in this area is distributed as follows.

Distribution of responsibility in the Risk Governance and Internal Control System

Unit in charge	Area of responsibility
Business units (risk owners)	<ul style="list-style-type: none"> – Identification and assessment of risks – Definition, development and implementation of the risk coverage strategy and risk mitigation measures
Risk Control	<ul style="list-style-type: none"> – Monitoring and control of key risk indicators – Proposing measures to reduce the impact of risks in business units and corporate governance bodies, monitoring their implementation – Organization of the Risk Committee, whose activities are aimed at supporting and improving the Risk Governance and Internal Control System
Internal Audit	<ul style="list-style-type: none"> – Ensuring a valid risk management concept – Implementation of the Policy, activities and processes, including regular review of organizational documents that define roles, responsibilities, parameters, assessment methods within the Risk Governance and Internal Control System

We are systematically building an integrated risk management model to consolidate the activities of functional units, and we are also embedding the risk management system into the corporate culture. The target model of the corporate risk management system is built as a set of elements and organizational mechanisms of their interaction for the development, implementation, monitoring, analysis and continuous improvement of the specified company practice.

The integration of risk management functions into business processes makes it possible to identify risks in a timely manner and assess their significance, as well as provide an effective response by mitigating potential adverse effects and (or) reducing the likelihood of their occurrence. To reduce risks, such instruments as insurance, hedging, setting limits, etc. are used, among others.

Internal control system

The implementation and use of an internal control system, along with periodic evaluation of its effectiveness, is part of the company's management approach. An effective internal control system makes it possible to manage risks, identify and evaluate the main risks associated with the company's achievement of the goals set by the Board of Directors, and monitor them. All of the above relates to ensuring the safety of the company's assets, the reliability of financial statements, compliance with the provisions of internal regulations and procedures, as well as the legislation of the Russian Federation.

The Company has implemented an internal control system in accordance with the "Internal Control: An Integrated Approach" (COSO) model developed by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company uses the following main elements of the internal control system.

The main principles of the internal control system

Strict regulation of processes	<ul style="list-style-type: none"> ➤ To increase transparency and coordination of actions at each level, job responsibilities are strictly regulated ➤ Business processes and internal controls are documented and assessed twice a year by operational staff and management ➤ Regulations, policies and procedures are regularly updated, all employees are promptly informed about changes
Separation of duties	<ul style="list-style-type: none"> ➤ The principle of separation of powers is applied to reduce the risk of errors and prevent abuse ➤ To prevent or reduce the risk of conflicts of interest, operational and control functions are strictly separated
Regular external and internal evaluation	<ul style="list-style-type: none"> ➤ The processes and procedures recommended by the COBIT standard are used to ensure the reliability and validity of the data, with periodic audits of the overall information control ➤ The Internal Audit Department periodically reviews the effectiveness of the internal control system ➤ Independent testing is carried out on a random basis. The results are communicated to the management, the internal audit unit, and, upon request, to the external auditor.
Transparent and timely communication	<ul style="list-style-type: none"> ➤ The information portal with policies, regulations, procedures and instructions is well structured, understandable and accessible to employees ➤ Employees are familiar with Code of Ethics and Anti-Corruption Regulations ➤ Implemented mechanisms for reporting possible violations and abuses and taking appropriate measures by the management to eliminate and prevent repeated violations

Organization Units and Corporate Bodies Associated with the Risk Governance System

In accordance with the Risk Governance and Internal Control Policy, the structure of the System in the company involves the following bodies and organizational units:

- Board of Directors;
- Audit and Corporate Governance Committee;
- Risk Committee;
- Managers of business units and risk management units;
- Risk Control units.

Supervision of the Risk Governance and Internal Control System, including decision-making and provision of recommendations based on the results of familiarization with the list of relevant risks, lies with the Board of Directors. It is responsible for approving the level of risk appetite, which is defined jointly with the General Director, Deputy General Director - Financial Director with the assistance of the Risk Control. The Board of Directors participates in reviewing the company's map of key risks.

The duties of the Audit and Corporate Governance Committee of the Board of Directors include expressing its opinion on specific aspects related to the identification of major risks and reviewing periodic reporting documentation on the assessment of the Risk Governance and Internal Control System. The Audit and Corporate Governance Committee develops recommendations for the Risk Governance and internal Control System and evaluates its results. The Audit and Corporate Governance Committee periodically reviews the results of the effectiveness of the Risk Governance and Internal Control System in terms of individual risks.

The Risk Committee is a collegiate body established to coordinate activities at the operational level, it consists of senior managers of the company, it is appointed by the General Director, it controls the company's exposure to risks, determines risk mitigation measures and monitors their implementation. The Risk Committee is responsible for approving risk limits.

The managers of business units and risk management units ensure that employees of their units follow the Risk Governance and Internal Control Policy, develop and implement risk management measures in a timely manner, and allocate resources. If necessary, they take prompt corrective measures.

The Risk Control is an independent structural unit for risk control, which is directly subordinated to the Deputy General Director - Financial Director. This subdivision coordinates the work of organizational units in identifying and assessing risks, as well as developing measures to manage them, ensures the updating of the Risk Governance and Internal Control Policy, develops and fosters a culture of risk management. It

uses reporting and internal communication tools, educational activities and tools for management of changes.

An independent structural subdivision that assesses the effectiveness of internal control is the Internal Audit Department (for more details, see the Internal Audit section).

Periodically, the issues related to risks are reviewed by the Related Party Transactions Committee, the Human Resources and Remuneration Committee, and the Strategy and Sustainability Committee.

In full compliance with regulatory requirements and best practices, the company considers three main pillars of the risk management and internal control system:

- the current Risk Governance and Internal Control Policy approved by the Board of Directors (Minutes No. 14/18 dated December 21, 2018) in order to identify, measure, monitor and control risks to which the company may be exposed;
- a supplement to the Risk Governance and Internal Control Policy - a risk map, the so-called "risk matrix", indicating the potential risks to which the company may be exposed, taking into account the frequency and severity of each risk event affecting annual financial results. During 2022, the risk map was periodically updated based on interviews with the business units managers (in accordance with the principles enshrined in the Risk Governance and Internal Control Policy);
- periodic reports of risk owners to the Audit and Corporate Governance Committee on currency, technical, industrial, environmental and social risks (with the support of the Risk Control).

In December 2022, the Board of Directors, in accordance with the recommendation of the Audit and Corporate Governance Committee, recognized the company's Risk Governance System as effective during 2022.

Risks occurred in 2022

RISK	Comments on Implementation
Operational risks	The unstable geopolitical and economic environment that prevailed in 2022 led to a break in supply chains and forced the company to look for alternative ways to cover its own needs, which, in turn, led to additional costs.
Counterparty risks	In May 2022, LLC Siemens Gamesa Renewable Energy (SGRE) notified LLC Kola WPS of the termination of the contract for the supply of turbines, and then of the cancellation of the contract for the provision of maintenance and operation services unilaterally out of court. Accordingly, SGRE completely terminated the fulfillment of obligations under the contract for the supply of turbines for the Kolskaya wind farm.

Opportunities realized in 2022

OPPORTUNITY	Comments on Implementation
Currency risk	The company's foreign exchange liabilities decreased due to the strengthening of the national currency against the euro in 2022, with the exception of liabilities that were fixed as a result of hedging operations.
Commodity risk	The increase in the weighted average price of electricity on the DAM due to the indexation of gas tariffs in July 2022 (by 5 percent, in accordance with the order of the Ministry of Energy of the Russian Federation approved in 2021, which was reflected in the company's budget for 2022) and then in December 2022 (by 8.5 percent, was not reflected in the 2022 budget), led to an increase in revenue from the sale of electricity.

Description of the main risk factors

RISK CATEGORIES	Risk Groups*	Risk Factors	Risk Level	Risk Management Measures Taken
Strategic	<ul style="list-style-type: none"> Country (1) 	<ul style="list-style-type: none"> Changes in the general economic and political situation in the country may lead to a deterioration in the national economy and thereby lead to a deterioration in the financial position of the company 	Above average	The political, legal and regulatory environment in which the company operates, the unstable geopolitical and economic environment, as well as the crisis associated with the COVID-19 pandemic, are sources of risk. The risk is poorly managed, but it is taken into account when making strategic decisions.
	<ul style="list-style-type: none"> Regional (1) 	<ul style="list-style-type: none"> Changes in the conditions of activity in a particular region. Target for the company - the first price zone (the European part of Russia and the Urals) 		Most of the regional risks are beyond the control of the company, however, the political situation in the regions is relatively stable, so they are minimally exposed to political risks. Given the credit ratings of the regions where it operates, regional risks have a moderate impact on the company.
	<ul style="list-style-type: none"> Climate (12) 	<ul style="list-style-type: none"> Impact of extreme natural events associated with climate change Ignoring environmental compliance regulations leading to an outflow of investors Impact of non-compliance with climate change legislation 	Low	Carrying out monitoring and necessary preventive measures related to the operation and maintenance of thermal power plants and wind farms. Development of a climate strategy. Regular monitoring of changes and updates to climate change regulations both internationally and locally. Participation in climate initiatives.
	<ul style="list-style-type: none"> Regulatory (8) 	<ul style="list-style-type: none"> Changes in regulations and legislation of the sector and related sectors Changes in the area of capacity payment Revocation of operating license Non-compliance with the requirements of localization of equipment 	Above average	Interaction with government agencies (Ministry of Energy of Russia, Ministry of Economic Development Russia, FAS Russia), membership in the Association "NP Market Council" with the representation and defense of the company's position.
Financial (5)	<ul style="list-style-type: none"> Commodity Interest rate Exchange rates Counterparties Liquidity 	<ul style="list-style-type: none"> Credit and counterparty Commodity Shortage of funds due to the cessation of external funding Currency fluctuations Interest rate fluctuations Liquidity 	Average	Revenue forecast taking into account price fluctuations and changes in electricity sales volumes on the DAM (day ahead market). Forecast and control (including daily) liquidity, a significant amount of open credit lines, hedging of currency risks, sale of troubled receivables.
Operation	<ul style="list-style-type: none"> Industry (2) 	<ul style="list-style-type: none"> Changes in the economic state of the industry, possible fluctuations in prices for energy carriers (gas, fuel oil) and their supply compared to planned values, reduction in selling prices for products and services 	Low	Concluding long-term contracts with independent suppliers, improving operational efficiency, determining the optimal time to purchase fuel, diversifying sources of supply, maintaining the equipment fleet through timely and high-quality repair campaigns, technical re-equipment, minimizing penalties for unavailability, taking into account thermal generation and renewable energy sources.
	<ul style="list-style-type: none"> Human Resources (3) 	<ul style="list-style-type: none"> Talent Retention Personnel development programs recruiting 	Low	Maintaining and developing corporate culture, monitoring the labor market, competitive wages, implementing programs for assessing, recognizing talents and developing staff, booking staff.

	<ul style="list-style-type: none"> Health and Safety (13) 	<ul style="list-style-type: none"> The impact of accidents on the sustainable development of the company The Impact of Coronavirus Infection (COVID-19) on Company Sustainability 	Low	<p>Security risk prevention projects aimed at developing awareness, leadership and engagement.</p> <p>A project aimed at improving the safety of equipment and systems.</p> <p>Contractor safety management.</p> <p>Continuous improvement of personal protective equipment and working conditions.</p>
	<ul style="list-style-type: none"> Technical, industrial and environmental (6) 	<ul style="list-style-type: none"> The impact of emergency shutdowns on the company's core business - power generation Non-Compliance with Environmental Regulations and Accidental Pollution Resource use and waste management 	Above average	<p>Conducting inspections and audits of equipment, monitoring performance, detailed analysis of the causes of unavailability, determining actions to mitigate the consequences of emergency shutdowns, timely and high-quality repair campaigns, as well as building constructive relationships with authorities in order to resolve emerging issues in a timely manner.</p>
	<ul style="list-style-type: none"> Project/investment (4) 	<ul style="list-style-type: none"> Impact on the budget Duration/timing of the investment project Quality of equipment and service Land ownership and land use 	Low	<p>Monitoring of actual costs and project execution schedule, hedging of the currency component of costs.</p> <p>Interaction with administrative structures and landowners for the acquisition, lease of land for investment projects.</p>
Management and corporate culture	<ul style="list-style-type: none"> Reputational (10) 	<ul style="list-style-type: none"> Loss of goodwill and incurring losses due to adverse perception of the company's image through traditional media and social networks Interaction with local communities, including the formation of a negative attitude towards the company due to insufficient information transparency, ignoring the impact of the company's operations on the local context 	Low	<p>Publication of articles reflecting the activities of the company, media monitoring, constant dialogue with representatives of local administrations and the population, prompt response to incoming requests, complaints, suggestions.</p>
Digital technologies	<ul style="list-style-type: none"> Information security (7) 	<ul style="list-style-type: none"> The impact of failures in the information system on the daily activities of the company Loss of personal and confidential data Lack of access to the technical and banking systems, as well as to the general data system 	Low	<p>Restriction of access (administrative and physical), regular inspections. Antivirus software, detailed investigation of unauthorized access attempts.</p>
Compliance	<ul style="list-style-type: none"> Legal (9) 	<ul style="list-style-type: none"> Litigation, including due to non-fulfillment of obligations by suppliers The impact of sanctions on the company's core business 	Average	<p>Legal protection, including collection of overdue receivables, monitoring of court proceedings.</p>
	<ul style="list-style-type: none"> Social (11) 	<ul style="list-style-type: none"> Violations of human rights, rejection of company values Interaction with stakeholders (communities) Operational impact on communities 	Low	<p>Carrying out regular social events aimed at supporting employees, active interaction with regional authorities. Risk analysis at the stage of supplier selection, bidding and contracting. In agreements with suppliers, a clause has been introduced regarding compliance with human rights, environmental protection, health and safety requirements.</p>

* Key risk indicators have been identified for the risks included in the described groups. Control of these indicators allows timely identification of negative trends and taking actions to optimize the company's risk level.

		Risk Damage		
		Average	Above average	High
Probability	High	1 6	9	8
	Average	11 13	10	12
	Low	3 2	7 12 4	5

The Company adheres to a conservative Risk Governance Policy. In its activities, the company uses a policy aimed at minimizing any risks arising from the implementation of its core business, through insurance, compliance with applicable laws, diversity and diversification of activities, etc.

Corporate governance

In 2022, the company maintained a high level of corporate governance: we fully comply with 89 percent of the recommendations of the Corporate Governance Code¹⁰. This is somewhat lower than in 2021¹¹, however, I would like to note that the dynamics of compliance with individual recommendations is uneven (in terms of recommendations, the status has changed from "Partially complied" to "Complied" and from "Not complied" to "Partially complied") and has changed throughout the year. More information about the company's compliance with the recommendations of the Corporate Governance Code can be found in the relevant annex hereto.

In 2022, the company had a unique situation: for a significant part of the reporting year, the Board of Directors consisted of eight independent members of the Board of Directors that is almost 73 percent of the quantitative composition of the management body (for comparison, according to a study conducted among the 100 largest companies by capitalization, the average share of independent members of the Board of Directors is 37 percent)¹². Another trend in 2022 was an increase in the proportion of women on the Board of Directors: at the end of the year, it was 36 percent that is significantly higher than the average of 15 percent specified in the "[National Corporate Governance Rating: information disclosure 2022](#)". Our corporate governance practices have remained at a decent level: for example, the company was included in 54 percent of companies that provided the opportunity to fill in an electronic voting ballot form at the General Shareholders' Meetings, in 61 percent of companies that published the Annual Report for 2021 on their website, in 45 percent of companies that disclose information about the amount of remuneration paid

¹⁰ According to the methodology set out in Letter of the Bank of Russia No. IH-06-28/102 "On disclosure in the annual report of the public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated December 27, 2021".

¹¹ The *details* on the change of the status of compliance for individual recommendations of the Corporate Governance Code can be found in the relevant annex to the Annual report.

¹² According to the results of the annual study "[National Corporate Governance Index: information disclosure 2022](#)" held by TopCompetence Corporate Development Center with the participation of the Moscow Exchange and the Center for System Transformations of the Faculty of Economics of M.V. Lomonosov Moscow State University.

for the year to the Board of Directors, in 46 percent of companies that disclose information about the Executive Board¹³.

In addition, the company continues to work on improving corporate governance within the previously respected recommendations of the Corporate Governance Code with a focus on sustainability and a risk management and internal control system. Thus, the new version of the Regulation of Internal Audit Department¹⁴ has been supplemented with norms aimed at more effective functioning of the risk management and internal control system; the competence of the relevant Committee of the Board of Directors in sustainability has been expanded; the updated Code of Ethics has been supplemented with information on the internal control and risk management system, and also establishes the responsibilities of the Sustainability Unit in environmental, social and corporate governance.

Furthermore, when holding the General Shareholders' Meetings in 2022, during the period of putting issues on the agenda of the Annual General Shareholders' Meeting and accepting proposals for nominating candidates to the Board of Directors, a brief instruction on the procedure and requirements for such proposals was posted on the company's website, including information on the need to nominate independent candidates. In order to meet the requirements on the number of independent directors, the Profile of the Board of Directors was additionally placed in the "General Shareholders' Meeting" section designed to facilitate the nomination of more independent candidates by shareholders.

Speaking about the results of 2022, it is impossible not to note such an important event as the change of the controlling entity of the company - PJSC «LUKOIL» became it at the end of 2022.

Despite the challenges of 2022, the company managed to maintain a high level of corporate governance, and we hope to maintain it in the future.

Andrey Malinin,
Corporate Secretary

Corporate Governance System

PJSC «EL5-Energo» strives to comply with the best national corporate governance practices. Our purpose is to create the most transparent and efficient corporate governance system to increase investment attractiveness of the company.

Corporate governance in the company:

- is built in accordance with the requirements of the laws of the Russian Federation and the Listing Rules of PJSC Moscow Stock Exchange;
- focuses on the best national practices;
- follows the recommendations of the Corporate Governance Code recommended by the Bank of Russia¹⁵.

Main internal documents regulating corporate governance

Charter	Regulations on Preparation and Holding of General Shareholders' Meeting	Rules of Procedure for Convention and Holding of Meetings of the Board of Directors	Profile of the Board of Directors
Organizational Regulation on Committees of the Board of Directors	Regulation on the Executive Board	Regulation on Corporate Secretary	Regulation of Internal audit department

¹³ The share data is taken from study "[National Corporate Governance Index: information disclosure 2022](#)".

¹⁴ For details on the changes in the Regulations on the Internal Audit Department, see the Internal Audit section of the present Annual Report.

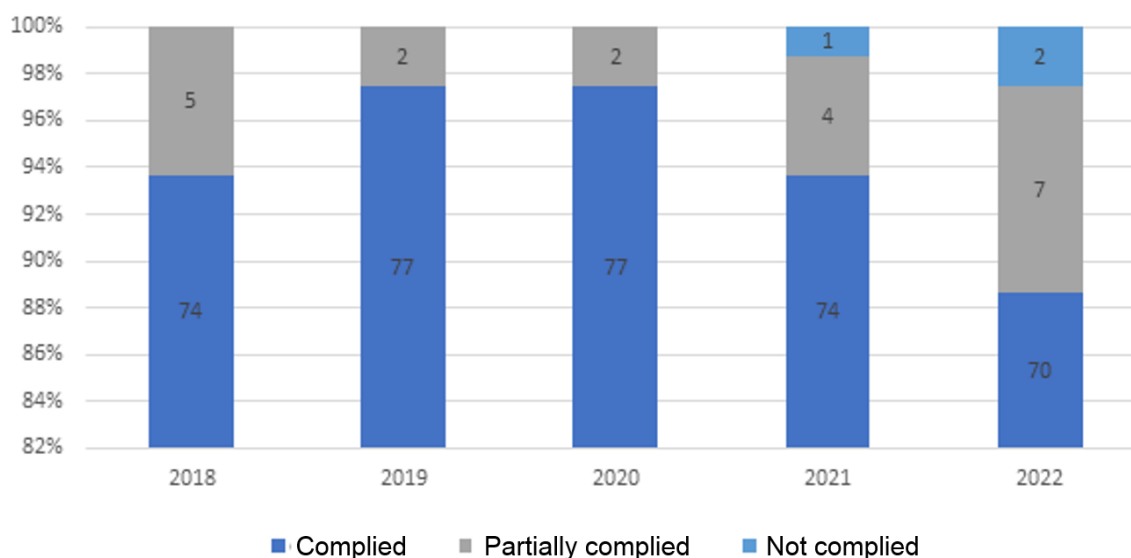
¹⁵ The Corporate Governance Code recommended by Letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014 for application by joint stock companies whose securities are admitted to organized trading.

Improvement of Corporate Governance

For the last years the company achieved significant results for implementation of best standards of corporate governance contained in the Corporate Governance Code.

According to the results of the annual "National Corporate Governance Index" survey conducted by the TopCompetence Corporate Development Center with participation of the Moscow Exchange and the Center for System Transformations of the Faculty of Economics of Lomonosov Moscow State University, in 2022, the company once again entered the top companies included in the list of RUCGI¹⁶ - leaders in corporate governance¹⁷.

Dynamics of implementation of recommendations of the Corporate Governance Code in 2018–2022¹⁸

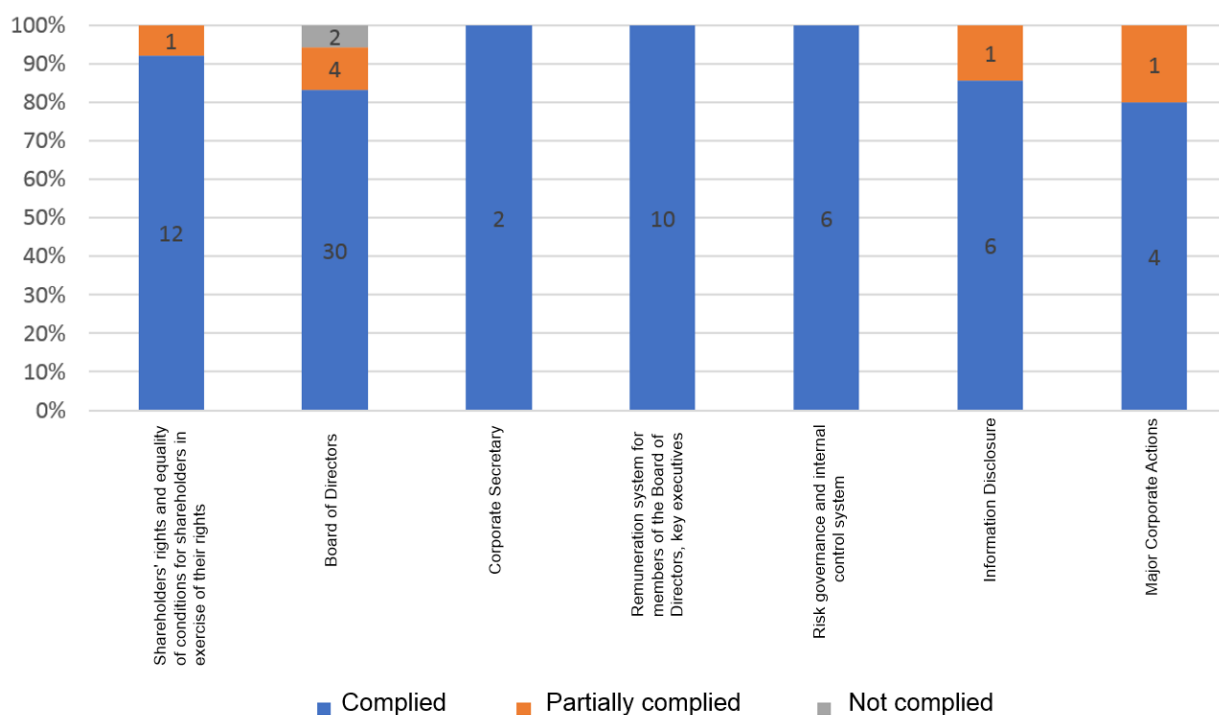


Compliance with recommendations of the Corporate Governance Code in the areas in 2022

¹⁶ Since 2019, the National Corporate Governance Index has been an official exchange indicator (RUCGI) that is updated quarterly by the Moscow Exchange.

¹⁷ The results of the study can be found [here](#).

¹⁸ The assessment of compliance with the recommendations of the Corporate Governance Code in 2018–2020 was carried out in accordance with letter of the Central Bank of the Russian Federation No. ИИ-06-52/8 "On disclosure in the annual report of the public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated February 17, 2016 and in 2021-2022 in accordance with Letter of the Bank of Russia No. ИИ-06-28/102 "On disclosure in the annual report of the public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated December 27, 2021.



The Company continues to comply with a significant number of recommendations of the Corporate Governance Code.

Changes in the compliance status of individual recommendations of the Corporate Governance Code

Principle	2021	2022
1.1.2. Procedure for notifying on holding the General Meeting and providing materials for the General Meeting gives shareholders the opportunity to properly prepare for participation in it.	Complied	Partially complied
1.1.3. During the preparation and holding of the general meeting, shareholders had the opportunity to freely and timely receive information about the meeting and materials for it, ask questions to the executive bodies and members of the Board of Directors of the company, communicate with each other.	Partially complied	Complied
1.2.1. The company has developed and implemented a transparent and understandable mechanism for determining the amount of dividends and their payment.	Partially complied	Complied
2.2.1. Information about the work of the Board of Directors is disclosed and provided to shareholders.	Complied	Partially complied
2.3.2. Members of the company's Board of Directors are elected through a transparent procedure that allows shareholders to obtain information about candidates sufficient to form an idea of their personal and professional qualities.	Complied	Partially complied
2.4.2. The compliance of candidates for members of the Board of Directors with the criteria of independence is assessed, as well as regular analysis of the compliance of independent members of the Board of Directors with the criteria of independence is carried out. When conducting such an assessment, the content prevails over the form.	Complied	Partially complied
2.4.3. Independent directors are at least one third of the elected Board of Directors.	Not complied	Complied

2.5.2. The Chairman of the Board of Directors ensures a constructive atmosphere of meetings, free discussion of issues included in the agenda of the meeting, control over the execution of decisions taken by the Board of Directors.	Complied	Not complied (no Board of Directors evaluation was made)
2.6.3. Members of the Board of Directors have enough time to perform their duties.	Complied	Partially complied
2.8.3. For preliminary consideration of issues related to the implementation of HR planning (succession planning), the professional composition and efficiency of the Board of Directors, the nomination (appointment, HR) committee has been established, most of whose members are independent directors.	Complied	Complied (with improvement in practice)
2.9.1. The assessment of the quality of the work of the Board of Directors is aimed at determining the degree of effectiveness of the work of the Board of Directors, committees and members of the Board of Directors, compliance of their work with the needs of the company's development, activation of the work of the Board of Directors and identification of areas in which their activities can be improved.	Complied	Not complied
3.1.2. The Corporate Secretary has sufficient independence from the executive bodies of the company and has the necessary powers and resources to perform the tasks assigned to it.	Partially complied	Complied
6.1.2. The Company discloses information on the system and practice of corporate governance, including the detailed information on Company's compliance with the principles and recommendations provided in the Code.	Complied	Partially complied

A detailed report on compliance with the principles and recommendations of the Corporate Governance Code is given in the section "Report on the company's compliance with the principles and recommendations of the Corporate Governance Code".

The company plans to continue maintaining the high level of compliance with the recommendations of the Corporate Governance Code.

Development of corporate governance practice in 2018-2022

2022	<p>The Company continues to work on improving corporate governance with a focus on sustainability and a risk management and internal control system:</p> <ul style="list-style-type: none"> • the new version of the Regulation of Internal Audit Department¹⁹ has been supplemented with norms aimed at more effective functioning of the risk management and internal control system, and Methodological Guidelines on Internal Audit have been approved; • the competence of the relevant Committee of the Board of Directors in ESG has been expanded; • the updated Code of Ethics has been supplemented with information on the internal control and risk management system, and also establishes the responsibilities of the Sustainability Unit in environmental, social and corporate governance; • the Profile of the Board of Directors intended to facilitate the nomination by shareholders of a larger number of independent directors, as well as the formation of the composition of the Board of Directors that best corresponds to the company's activities and strategy was approved and published.
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¹⁹ For details on the changes in the Regulations on the Internal Audit Department, see the Internal Audit section of the present Annual Report.

2021	<p>The new version of the Regulation on Preparation and Holding of General Shareholders' Meeting fixes a number of provisions related to proposals for nominating candidates, messages of will, electronic ballots.</p> <p>The Dividend Policy Regulation reflects the circumstances under which the company should not make a decision on payment of dividends.</p> <p>The Induction on-boarding program of newly elected members of the Board of Directors developed in accordance with the best practices of corporate governance has been approved.</p> <p>Based on the results of an external evaluation the Board of Directors approved an action plan to improve the effectiveness of the Board of Directors.</p>
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2020	<p>For the first time, shareholders have been given the opportunity to vote by electronic ballot.</p> <p>The new version of the Regulation on the Information Policy contains an expanded list of information disclosed by the company on a voluntary basis.</p> <p>An independent director became the Chairperson of the Board of Directors.</p> <p>For the first time, the Long Term Incentive Plan for members of executive bodies and other key managers has included a provision on payment of part of the bonus by shares of the company.</p>
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2019	<p>The Audit and Corporate Governance Committee and the HR and Remuneration Committee consisted exclusively of independent directors.</p> <p>The memorandum of the controlling person – the Corporate Governance Guidelines of Enel Group was published on the company's website.</p>
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2018	<p>More than 1/3 of the Board of Directors and the Chairmen of all Committees are independent directors.</p> <p>Absence of quasi-treasury shares.</p> <p>Providing the General Shareholders' Meeting with the opinion of the Board of Directors on the independence of all candidates.</p> <p>The Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees has been approved.</p> <p>The Regulation on the Information Policy, developed taking into account the recommendations of the Corporate Governance Code of the Bank of Russia, has been approved.</p>
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Shares of PJSC «EL5-Energo» are admitted to organized trading in the quotation list of the First (highest) level that means compliance with the increased requirements for the quality of corporate governance of the company. The recommendations of the Corporate Governance Code are listed below, they are observed by the company, including the corporate governance requirements established by PJSC Moscow Exchange:

- Board of Directors was formed, consisting of at least three independent directors;
- Audit and Corporate Governance Committee, as well as HR and Remuneration Committee are headed by independent directors;
- Corporate Secretary is accountable to the Board of Directors;
- Dividend policy in place;
- Head of the internal audit unit was functionally accountable to the company's Board of Directors, and administratively to the General Director.

Features of the corporate governance model

PJSC «EL5-Energo» is one of the largest Russian public companies, the number of shareholders of which exceeds 407 thousand.

For most of 2022, the main shareholder of PJSC «EL5-Energo» was Enel S.p.A. On December 5, 2022, PJSC «LUKOIL» becomes the controlling entity of the company with a 56.43 percent share in the authorized capital. In addition, the company's freefloat calculated according to the Moscow Exchange methodology, as of December 31, 2022 was 31%.

The Audit and Corporate Governance Committee and the HR and Remuneration Committee consisted entirely of independent directors.

Use of digital technologies in the corporate governance system

The company uses digital technologies at all levels of corporate governance.

To disclose information, the company uses both its own website and e-disclosure. In December 2022, the company's website address was changed to www.el5-energo.

When the General Shareholders' Meetings are held, the possibility to vote by electronic ballot, express opinion and send questions via e-mail, WhatsApp, as well as using a special form posted on the company's website is provided. At the same time, the company observes an increase in the share of shareholders who took advantage of the opportunities of electronic voting among those who participated in the General Meetings.

If necessary, for holding meetings of the Board of Directors the company uses communicator, the information space of which provides document and event management of the Board of Directors.

Improvement of the level of knowledge and mastery of digital technologies for the company's management was carried out within the Digital days (see for more details in section "Digital technologies"), thematic and personal online consultations. In particular, the operational meetings of business areas and the General Director are held using a digital format with preliminary and subsequent demo demonstrations of functions and innovations of the technologies used.

Management bodies of the company

General Shareholders' Meeting

The supreme Management Body of PJSC «EL5-Energo» - General Shareholders' Meeting.

The procedure for preparation and holding the General Shareholders' Meeting, and its competence are defined by the Federal Law «On Joint Stock Companies», by-laws of the Bank of Russia, by the Company Charter, as well as by the Regulation on Preparation and Holding of General Shareholders' Meeting.

Charter	Regulations on Preparation and Holding of General Shareholders' Meeting
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In 2022, the company convened the General Shareholders' Meeting three times in the form of absentee voting that corresponds to the general trend among Russian public companies – in 2022, 93 percent of companies held the general shareholders' meeting in absentia²⁰. General Meetings were convened in absentia on the basis of Article 3 of Federal Law No. 25-Φ3 dated February 25, 2022 that allows, by decision of the company's Board of Directors, to hold a general shareholders' meeting in the form of absentee voting, including the general shareholders' meeting the agenda of which includes issues on the election of the board of directors, approval of the auditor of the joint-stock company, approval of the annual report, annual accounting (financial) statements. At the same time, the company took measures to ensure that shareholders could freely exercise the right to vote, express opinions and ask questions, namely:

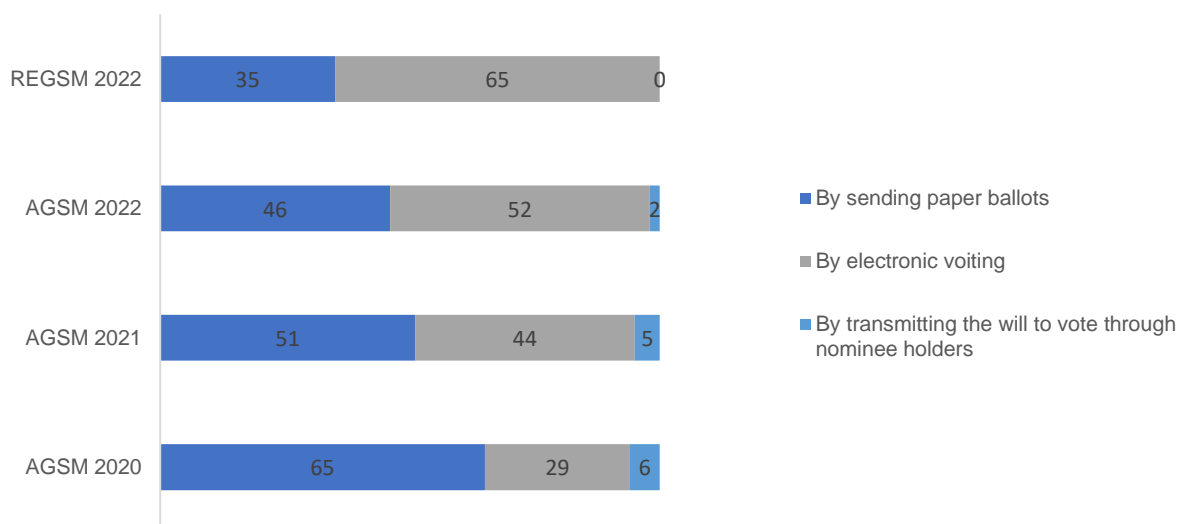
- shareholders could participate in General Meetings not only by sending completed ballots, but also by electronic voting (according to the study "[National Corporate Governance Rating: disclosure of information 2022](#)", only 54 percent of companies provided such an opportunity);
- shareholders could express their opinions and send questions regarding the agenda, as well as ask questions to the members of the Board of Directors, members of the Executive Board, General Director, key managers, Head of Accounting and Taxation - Chief Accountant, Company Auditor and Board of Directors candidates via WhatsApp (during all meetings in the reporting year), e-mail (when holding annual and reconvened Extraordinary General Meetings), as well as using a special form posted on the company's website (when holding extraordinary meetings);

²⁰ According to the study "[National Corporate Governance Rating: information disclosure 2022](#)".

- the company's employees immediately answered questions related to the General Meeting by phone.

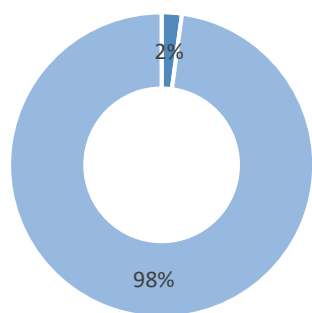
Number of shareholders using electronic voting has increased compared to 2020, when this method of voting became available for the first time.

Methods of voting at annual General shareholders' meetings in 2020-2022 (% of those who participated)



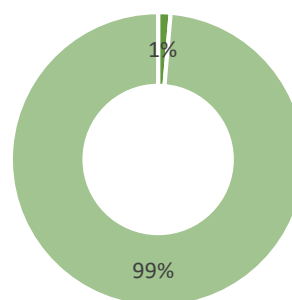
Composition of persons who participated in the Annual General Shareholders' Meeting in 2022 (% of those who participated)

Annual General Shareholders' Meeting



■ Legal entities ■ Individuals

Repeat extraordinary General Shareholders' Meeting



■ Legal entities ■ Individuals

On June 7, 2022, the Annual General Shareholders' Meeting:

- adopted a decision on distribution of the company profit by the results of 2021;
- elected the members of the Board of Directors of the company and approved the Auditor;
- approved the company's Annual Report for 2021 and annual accounting (financial) statements for 2021;
- gave consent for entering into the Directors and Officers liability insurance contracts as related party transactions.

The Extraordinary General Shareholders' Meeting convened on September 13, 2022 was declared invalid due to the lack of a quorum.

On November 25, 2022 the reconvened Extraordinary General Shareholders' Meeting:

- decided on early termination of powers of members of the Board of Directors and elected a new composition of the Board of Directors;
- approved the new version of the Charter of the company.

The new version of the Charter was registered on December 6, 2022 and contains the following main changes:

- the company name in Russian has been replaced by:
 - Публичное акционерное общество «ЭЛ5-Энерго» - full name;
 - ПАО «ЭЛ5-Энерго» - abbreviated name;
- the name in English has been replaced by:
 - Public Joint-Stock Company «EL5-Energo» - full name;
 - PJSC «EL5-Energo» - abbreviated name.
- the address of the company's website on the Internet, where the notice of the General Shareholders' Meeting shall be posted, as well as the text of the notice of the company's shareholders on the related party transaction (if all members of the company's Board of Directors are interested in making such a transaction), has been changed to www.el5-energo.ru.

Board of Directors of the company

The Board of Directors of PJSC «EL5-Energo» carries out general management of the company.

The competence of the Board of Directors, the procedure for its activities, the rights and obligations of its members are defined by the Federal Law «On Joint Stock Companies», the Charter, Rules of Procedure for Convention and Holding of Meetings of Board of Directors.

Charter	Rules of Procedure for Convention and Holding of Meetings of Board of Directors	Profile of the Board of Directors
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Objectives and tasks of the Board of Directors

Determining the company's development strategy aimed at increasing market capitalization and investment attractiveness, achieving maximum profit and increasing assets
Ensuring the exercise and protection of rights and legitimate interests of the company's shareholders, as well as facilitating the resolution of corporate conflicts
Ensuring the completeness, reliability and objectivity of disclosure of information about the company for shareholders and other stakeholders
Creating effective internal control mechanisms
Regular assessment of the activities of the company's executive bodies and the work of management

The company's Board of Directors consists of 11 members. Members of the Board of Directors are elected annually by cumulative voting for a term until the next annual General Shareholders' Meeting (or until an extraordinary General Shareholders' Meeting to which the issue of electing the Board of Directors has been submitted).

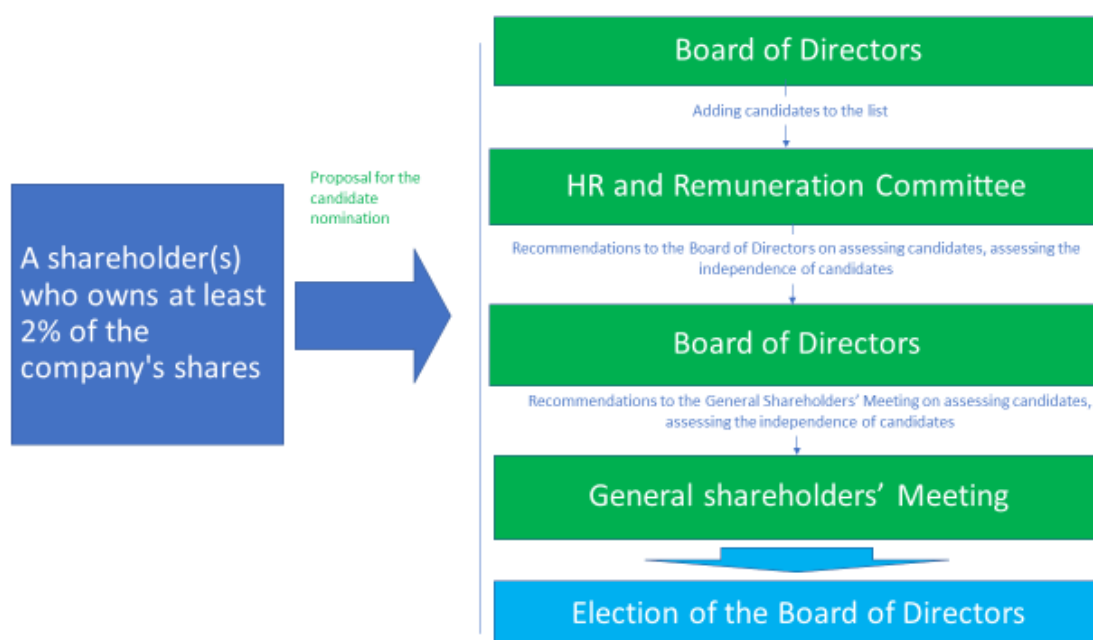
In order to elect a balanced composition of the Board of Directors during the General Meetings in 2022, shareholders were provided with information on the independence of candidates for members of the Board

of Directors and recommendations of the Board of Directors on the election of a sufficient number of independent directors in order for the company to comply with the Listing Rules of the Moscow Exchange and the recommendations of the Corporate Governance Code²¹, and during the Annual General Meeting, information about their education and work experience, evaluation of candidates to the Board of Directors in terms of whether they have the necessary experience, knowledge, business reputation, as well as information about the shareholders who nominated each of the candidates.

Furthermore, when holding the General Shareholders' Meetings in 2022, during the period of putting issues on the agenda of Annual Shareholders' Meetings and accepting proposals for nominating candidates to the Board of Directors, a brief instruction on the procedure and requirements for such proposals was posted on the company's website, including information on the need to nominate independent candidates. In order to meet the requirements on the number of independent directors, the Profile of the Board of Directors was additionally placed in the "General Shareholders' Meeting" section designed to facilitate the nomination of more independent candidates by shareholders.

At the beginning of 2022, the company's Board of Directors recommended that shareholders nominate candidates to the Board of Directors in accordance with the Profile of the Board of Directors that contains a list of criteria that members of the Board of Directors are recommended to meet.

Process of electing the Board of Directors



Meetings of the Board of Directors are held in accordance with the approved Work Plan of the Board of Directors, as well as when it is necessary, but at least once a quarter. The Work Plan of the Board of Directors is formed on the basis of proposals from the Chairperson and members of the Board of Directors, the General Director, members of the Executive Board and the company's Auditor. The Rules of Procedure for Convention and Holding of Meetings of the Board of Directors establish a list of issues that are usually considered in praesentia or in praesentia/absentia form. A significant part of the issues submitted for consideration by the Board of Directors are previously considered by the Committees of the Board of Directors in accordance with their competence.

Induction and training

The company has Induction on-boarding program of newly elected members of the Board of Directors. The program has been developed in accordance with the best corporate governance practices in order to ensure the effective work of the Board of Directors and includes the following introductory events: meeting with the company's management, familiarization by the newly elected members of the Board of Directors with the company documents, providing access to digital solutions for members of the Board of Directors, consultations with the Secretary of the Company Board of Directors. After election of new members of the Board of Directors, the Corporate Secretary sends information to the first elected members of the Board of

²¹ Materials for General Shareholders' Meetings are posted on the Company website. Since December 2022, the Company website is: <https://www.el5-energo.ru/en/>.

Directors regarding the company's strategy, corporate governance system, risk management and internal control system, distribution of responsibilities between the executive bodies of the company and other relevant information about its activities.

In 2022, the Induction on-boarding program was implemented for all newly elected members of the Board of Directors.

Members of the Board of Directors and Committees are entitled to receive additional training within the budget of the Board of Directors that would help them better understand the key issues of the company's core business and other issues discussed at meetings of the Board of Directors.

Conflict of interest

A member of the Board of Directors shall notify the Board of Directors if he/she has a conflict of interest in relation to any item on the agenda of the meeting of the Board of Directors prior to the discussion of the relevant item on the agenda. At the same time, the Chairperson of the Board of Directors shall refrain from voting on items on the agenda in respect of which he/she has a conflict of interests.

In addition, a member of the Board of Directors shall inform the Board of Directors of its intention to join the management bodies of other entities, of the fact of such appointment, as well as of the loss of independent status, by sending a corresponding notification to the Chairperson of the Board of Directors.

Members of the Board of Directors also shall inform the company of their interest in making transactions in accordance with the laws of the Russian Federation.

Composition of the Board of Directors

In 2022, there were three members of the Board of Directors.

Composition of the Board of Directors

Board of Directors elected on 08.06.2021	Board of Directors elected on 07.06.2022	Board of Directors elected on 25.11.2022
1. Callegari Giorgio (independent director, Chairperson)	1. Nesterenko Alexandra Konstantinovna (independent director) Chairperson)	Information on the composition of the Board of Directors elected by the reconvened Extraordinary General Shareholders' Meeting on November 25, 2022, was not disclosed by the company in accordance with Decree of the Government of the Russian Federation No. 351 «On the specifics of disclosure and provision in 2022 of information subject to disclosure and provision in accordance with the requirements of the Federal Law «On Joint Stock Companies» and the Federal Law «On the Securities Market», and the specifics of disclosure of insider information in accordance with the requirements of the Federal Law «On countering the misuse of insider information and market manipulation and on amendments to certain legislative acts of the Russian Federation» dated March 12, 2022.
2. Mori Simone	2. Ovanesov Alexandr Alexandrovich (independent director)	
3. Braverman Anatoly Alexandrovich	3. Gadzhiev Grigoriy Khochbarovich (independent director)	
4. Guacero Andrea (independent director)	4. Zarkhi Mikhail Arkadievich	
5. Giannelli Maria Antonietta	5. Zarkhin Vitaly Yurievich (independent director)	
6. Luzzio Giuseppe	6. Linnikov Alexandr Sergeyeovich (independent director)	
7. Palazzolo Andrea (independent director)	7. Plaksina Tatiana Vitalyevna	
8. Souviron Laurent	8. Rakitin Andrey Alexandrovich (independent director)	
9. Tarchioni Lea	9. Ruzmetova Madina Iskandarovna (independent director)	
10. Ferrara Giuseppe	10. Sitdekov Tagir Alievich ²²	
11. Ceribelli Flaminia	11. Tyurnikov Anatoliy Mikhailovich (independent director)	

Independent Members of the Board of Directors

The results of the independence assessment of candidates for members of the Board of Directors are provided to shareholders as part of materials for the General Shareholders' Meeting.

²² On August 18, 2022, Sitdekov Tagir Alievich resigned from the Board of Directors.

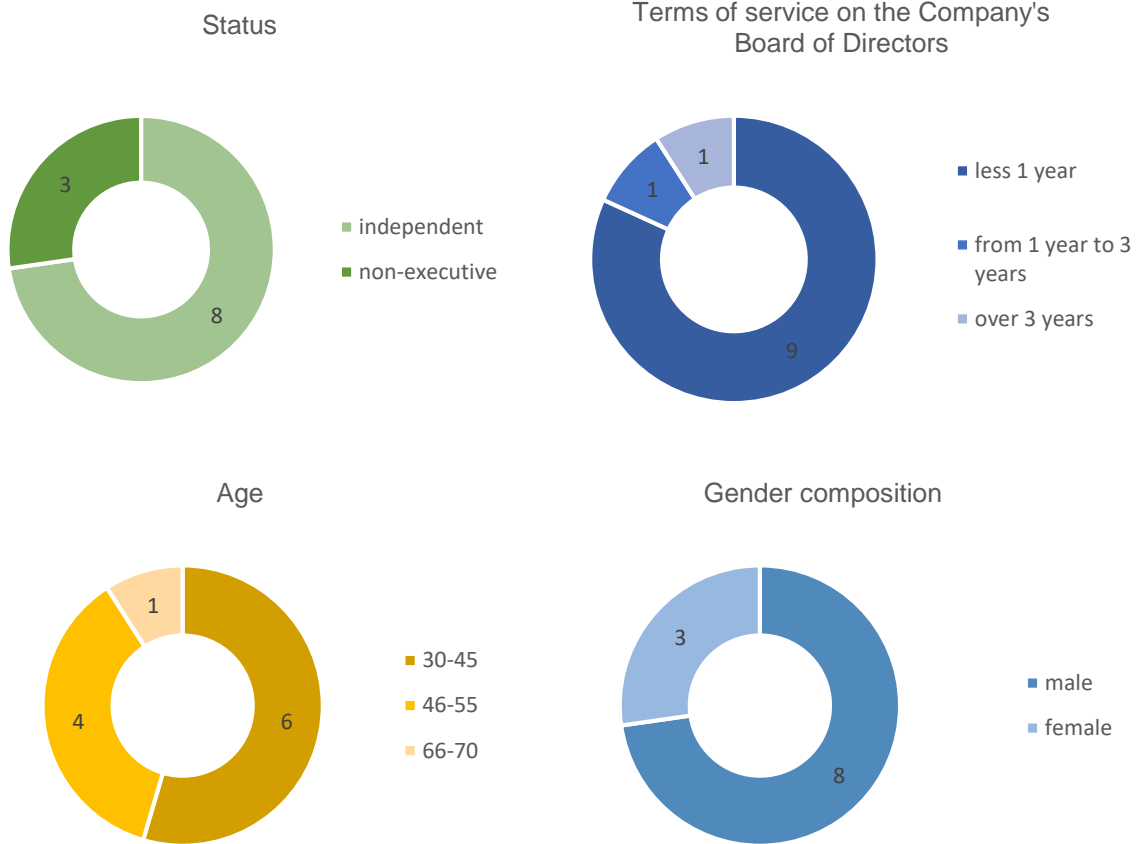
Compliance of the Board of Directors with the best practices

Best practices		Board of Directors elected on 08.06.2021	Board of Directors elected on 07.06.2022	Board of Directors elected on 25.11.2022
Requirements for corporate governance to include shares in the First Level (Listing rules of PJSC Moscow Exchange)	The number of independent directors shall be at least one fifth of the Board of Directors and cannot be less than three	Three out of 11 members of the Board of Directors are independent that meets the requirements of the listing of the Moscow Exchange, but does not comply with the recommendations of the Corporate Governance Code	Eight out of 11 ²³ members of the Board of Directors are independent	Four out of 11 members of the Board of Directors are independent ²⁴
Corporate Governance Code	Independent directors are at least one third of the elected Board of Directors	The Board of Directors is chaired by independent Director Callegari Giorgio	The Board of Directors is chaired by an independent director Alexandra Konstantinovna Nesterenko	A senior independent director has been determined
	The Chairman of the Board of Directors is an independent director, or a senior independent director has been selected from among the elected independent directors			

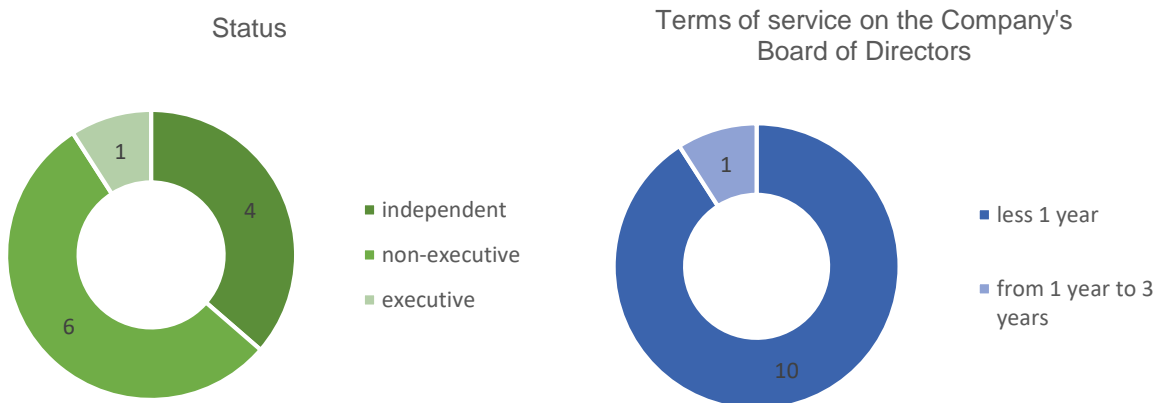
²³ On August 18, 2022, Sitdekov Tagir Alievich resigned from the Board of Directors.

²⁴ One of the four independent members of the Board of Directors was recognized as an independent director by decision of the Board of Directors.

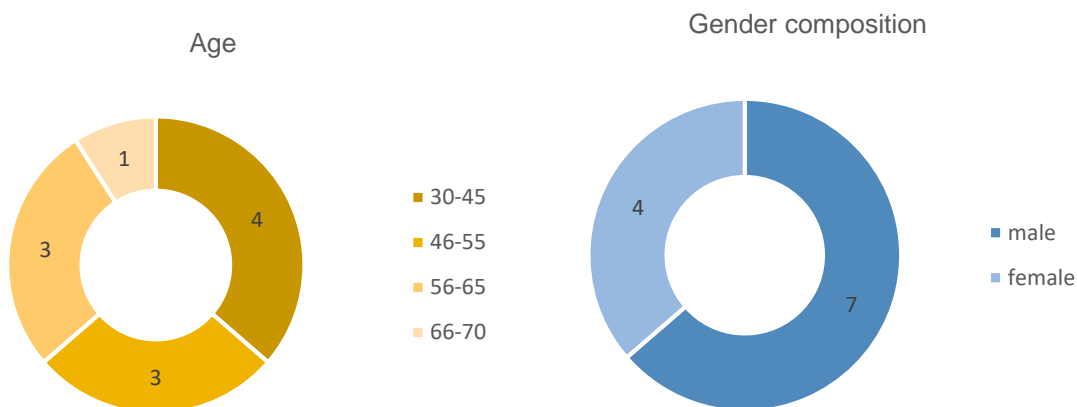
Composition of the Board of Directors elected on 07.06.2022²⁵



Composition of the Board of Directors elected on 25.11.2022



²⁵ The information on the composition of the Board of Directors elected on June 8, 2021 can be found in the Company's [Annual Report](#) for 2021.



The proportion of women on the company's Board of Directors (36 percent) exceeds the average (15%) specified in the [National Corporate Governance Rating: information disclosure 2022](#).

Information about members of the company Board of Directors

Information about the members of the Board of Directors (including biographical data) elected in 2021 and acting before the election of the Board of Directors on 07.06.2022 can be found in the Annual Report 2021. Information about the persons who are members of the Board of Directors who acted in the period from 07.06.2022 until 25.11.2022 is contained in the issuer's report for the six months of 2022²⁶.

Annual report 2021	The issuer's report for the six months of 2022
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Report on the work of the Board of Directors

In 2022, 21 meetings of the Board of Directors were held at which more than 120 items were considered.

²⁶ The issuer's report is disclosed only in Russian.

Participation in meetings of the Board of Directors and Committees of the Board of Directors²⁷

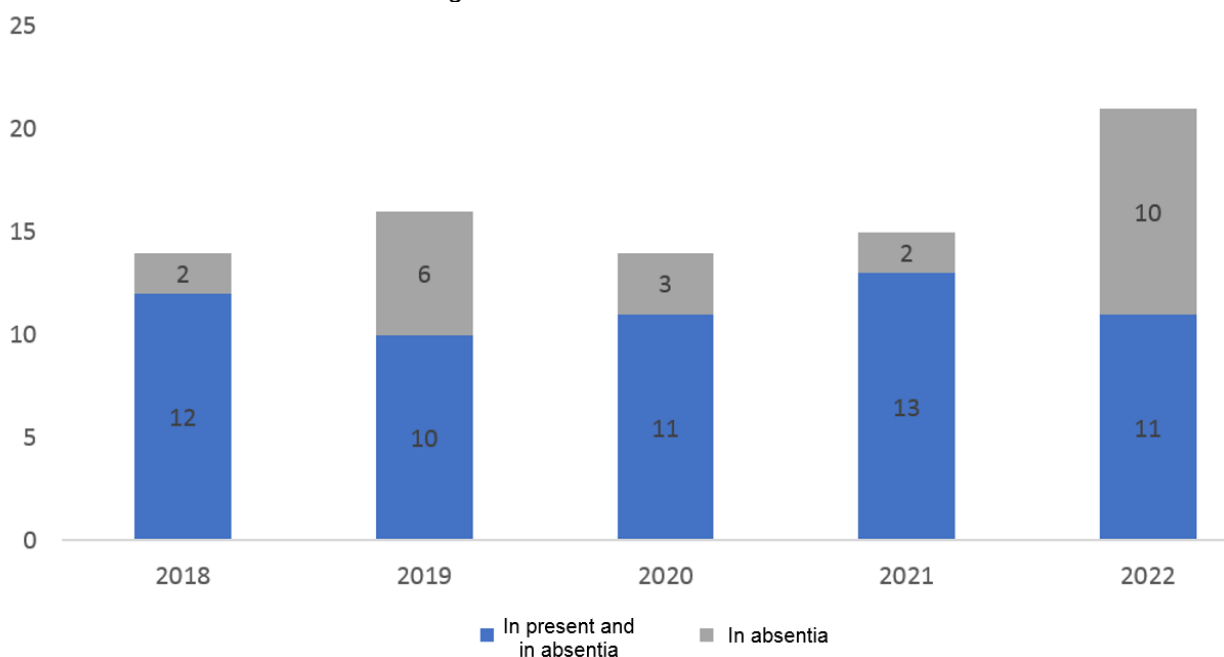
Member of the Board of Directors	Term of service on the Board of Directors	Status of a member of the Board of Directors	Nominated ²⁸	Board of Directors	Audit and Corporate Governance Committee	HR and Remuneration Committee	Related Party Transactions Committee	Strategy and ESG Committee
<i>The Board of Directors that operated until June 7, 2022</i>								
Braverman Anatoly Alexandrovich	06.2021–06.2022	non-executive	RDIF Investment Management-8 LLC	10/10				5/5
Guaccero Andrea	06.2018–06.2022	independent	Enel S.p.A.	10/10	8/8	6/6	5/5	
Giannelli Maria Antonietta	06.2018–06.2022	non-executive	Enel S.p.A.	10/10				5/5
Callegari Giorgio	06.2018–06.2022	independent	Enel S.p.A.	10/10	8/8	6/6	5/5	5/5
Luzzio Giuseppe	02.2015–06.2018 06.2021–06.2022	non-executive	Enel S.p.A.	10/10				
Mori Simone	06.2019–06.2022	non-executive	Enel S.p.A.	10/10				5/5
Palazzolo Andrea	06.2018–06.2022	independent	Enel S.p.A.	10/10	8/8	6/6	5/5	
Souviron Laurent	02.2015–06.2018 06.2019–06.2022	non-executive	PFR Partners Fund I Limited	6/10				
Tarchioni Lea	06.2021–06.2022	non-executive	Enel S.p.A.	10/10				
Ferrara Giuseppe	06.2021–06.2022	non-executive	Enel S.p.A.	10/10				5/5
Ceribelli Flaminia	06.2021–06.2022	non-executive	Enel S.p.A.	10/10				
<i>The Board of Directors that has been in operation since June 7, 2022 until November 25, 2022</i>								
Gadzhiev Grigoriy Khochbarovich	06.2022–11.2022	independent	–	8/8			4/4	
Zarkhi Mikhail Arkadievich	06.2022–11.2022	non-executive	–	8/8				2/2
Zarkhin Vitaly Yurievich	06.2019–06.2021 06.2022–11.2022	independent	–	8/8	5/5			2/2
Linnikov Alexandr Sergeevich	06.2022–11.2022	independent	–	8/8	5/5		4/4	
Nesterenko Alexandra Konstantinovna	06.2022–11.2022	independent	–	8/8		5/5		
Ovanesov Alexandr Alexandrovich	06.2022–11.2022	independent	–	8/8				2/2
Plaksina Tatiana Vitalyevna	06.2022–11.2022	non-executive	–	8/8				2/2
Rakitin Andrey Alexandrovich	06.2022–11.2022	independent	–	8/8	5/5	5/5		
Ruzmetova Madina Iskandarovna	06.2022–11.2022	independent	–	8/8		5/5	4/4	
Sitdekov Tagir Alievich	06.2012–06.2014 06.2015–06.2021 06.2022–08.2022	non-executive	–	4/4				1/1

²⁷ Data in the "14/15" format means that a person could take part in 15 meetings, but actually took part in 14 meetings.

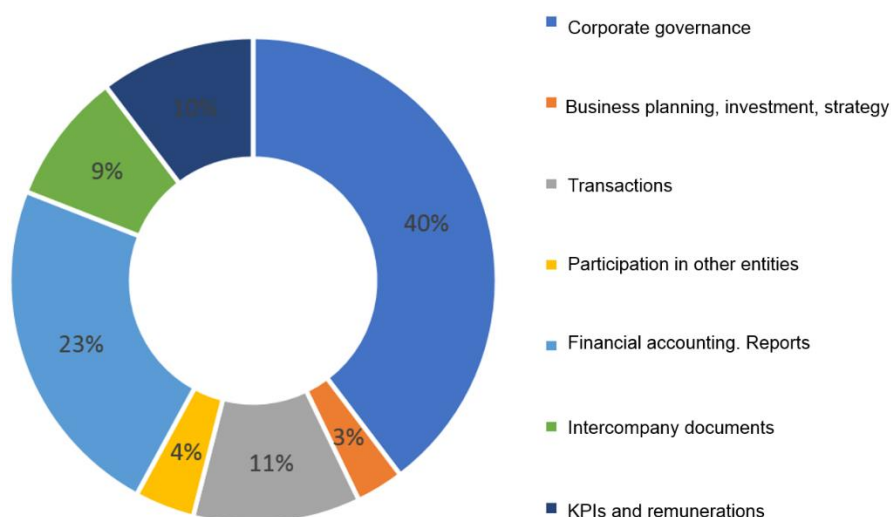
²⁸ The information is given in the same scope as was provided to the shareholders in the materials for the relevant General Meeting.

Tyurnikov Anatoliy Mikhailovich	06.2022–11.2022	independent	–	8/8	5/5			2/2
<i>The Board of Directors effective from November 25, 2022</i>								
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3			<i>The Committee was abolished on 02.12.2022</i>	<i>From the date of election of the Committee until 31.12.2022, no meetings were held</i>
Member of the Board of Directors	11.2022 – present	independent	–	3/3	2/2	2/2		
Member of the Board of Directors	11.2022 – present	independent	–	3/3	2/2	2/2		
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3				
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3				
Member of the Board of Directors	11.2022 – present	independent	–	3/3				
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3				
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3				
Member of the Board of Directors	11.2022 – present	independent	–	3/3	2/2	2/2		
Member of the Board of Directors	11.2022 – present	non-executive	–	3/3				
Member of the Board of Directors	11.2022 – present	executive	–	3/3				

Number of meetings of the Board of Directors in 2018-2022



Structure of items considered by the Board of Directors in 2022, %



The most important items considered in the reporting period:

- on approval of the business plan and budget;
- on approval of consolidated financial statements in accordance with IFRS;
- on consideration of various transactions;
- on approval of KPIs for the key managers;
- on preparation and holding of the General Shareholders' Meetings as well as on evaluation of independence of candidates to the Board of Directors;
- on recommendations to a representative of the company regarding participation in general meetings of subsidiaries;
- on the corporate governance practices and review of the risk management and internal control system.

The Board of Directors regularly reviewed the reports of the General Director on the company's work and reports of the Chairmen of the Committees of the Board of Directors.

Internal documents approved in the reporting period:

- new edition of the Code of Ethics;
- Profile of the Board of Directors;
- new edition of the Organizational Regulation on Committees of the Board of Directors;
- new edition of the Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees;
- new edition of the Regulation of Internal audit department;
- Methodology guidelines for internal audit;
- new edition of the Regulation on the Information Policy.

In the reporting year, the Corporate Secretary monitored the management's implementation of instructions given by the Board of Directors and its Committees.

Committees of the Company's Board of Directors

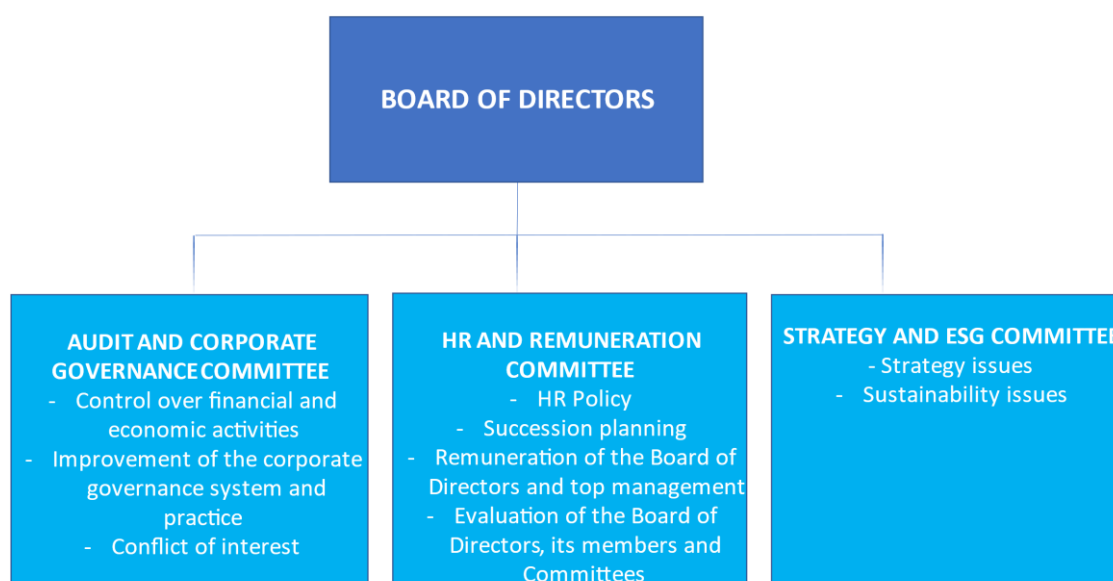
Charter	Organizational Regulation on Committees of the Board of Directors
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The Committees of the Company's Board of Directors are advisory bodies formed on the basis of the Board of Directors decisions that are not authorized to act on behalf of the Company or the Board of Directors. The Committees act in accordance with the Charter of the Company, as well as the Organizational Regulation on Committees of the Board of Directors defining the objectives, functions and procedure for holding meetings of the Committees.

In 2022, the following changes were made to the Organizational Regulation on Committees of the Board of Directors:

- in June, as part of the implementation of the action plan to improve the efficiency of the work of the Board of Directors, the Strategy Committee was renamed the Strategy and ESG Committee, while its competence in sustainability was expanded;
- in December, the Related Party Transaction Committee was abolished, and the functions of the Audit and Corporate Governance Committee were supplemented with assisting the Board of Directors in identifying and preventing conflicts of interest. Issues of significant corporate actions and related party transactions, if any, are now under the direct supervision of the Board of Directors.

Each Committee consists of at least three members of the Board of Directors, one of whom is the Chairperson. The composition of Committees, including the number of members, is determined by the Board of Directors.



REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE FOR 2022

The Audit and Corporate Governance Committee of the Board of Directors of PJSC «EL5-Energo» is pleased to present our report for 2022 to shareholders. We hope that in this report we will be able to demonstrate our commitment, as the Audit and Corporate Governance Committee, to our duties in accordance with the Corporate Governance Code recommended for use by letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014 and efficient fulfillment of these duties during 2022.

Our **key objective** is to facilitate the efficient implementation of the powers of the Board of Directors of PJSC «EL5-Energo» in resolving issues related to control of financial and economic activities, as well as development and improvement of the corporate governance system and practice at PJSC «EL5-Energo».

The new edition of the Regulation on the Committees of the Board of Directors of PJSC «EL5-Energo» approved by the Board of Directors on December 2, 2022 considered the investigation of conflicts of interest among the key objectives of the Audit and Corporate Governance Committee.

To accomplish the said objective, the Committee is granted, among others, **the following functions**.

In accounting (financial) statements	<ul style="list-style-type: none">– Preliminary review, analysis of the annual financial statements of the Company;– Control over ensuring the completeness, accuracy and reliability of the Company's financial statements.
In risk management and internal control	<ul style="list-style-type: none">– Monitoring the efficiency and reliability of the internal control and risk management system;– Creation and ensuring efficiency of procedures in risk management and internal control, including consideration of policies in relation to risk management and internal control;– Creation of conditions that prevent, identify and reduce the likelihood of financial and operational risks.
In internal audit	<ul style="list-style-type: none">– Ensuring independence and objectivity of the internal audit functions;– Ensuring functioning of the internal audit of the company including consideration of the internal audit work plan and preliminary consideration of the appointment (dismissal) of the Head of Internal Audit Department.
In external audit	<ul style="list-style-type: none">– Selection of candidates for subsequent election of the external Auditor of the Company and determination of the amount of remuneration for its services;– Evaluation of independence and absence of the conflict of interest of the external Auditor, as well as assessment of the quality of audit of accounting (financial) statements;– Ensuring independence and objectivity of implementation of the external audit functions, as well as ensuring efficient interaction of the external Auditor with the company.
In corporate governance	<ul style="list-style-type: none">– Preliminary review, analysis of the annual report of the Company;– Ensuring company's compliance with the legislation and stock exchange requirements, ethical standards, rules and procedures of the company, as well as best national and international practices in relation to corporate governance;– Analysis of the corporate governance system of the Company, evaluation of corporate governance practices and development of recommendations for improvement of the corporate governance system;– Assistance in creating conditions at the Company aimed at preventing bad faith actions by the employees of the Company and third parties;– Control of special investigations on the issues related to potential fraud, unfair use of insider or confidential information;– Assisting the Board of Directors in identifying and preventing conflicts of interest.

The Committee consists of three members, with two of them being independent directors and one more being recognized as an independent director by a decision of the Board of Directors. The Committee in its current composition was elected by the Board of Directors of PJSC «EL5-Energo» on December 2, 2022 (Minutes of the meeting of the Board of Directors of the Company No. 19/22 dated December 5, 2022), in the previous composition – (I) on June 30, 2021 (Minutes of the meeting of the Board of Directors No. 9/21 dated July 1, 2021) and (II) on June 24, 2022 (Minutes of the meeting of the Board of Directors No. 11/22 dated June 27, 2022):

Composition of the Audit and Corporate Governance Committee

Composition of the Audit and Corporate Governance Committee elected on 30.06.2021	Composition of the Audit and Corporate Governance Committee elected on 24.06.2022	Composition of the Audit and Corporate Governance Committee elected on 02.12.2022
1. Palazzolo Andrea (Chairperson, independent director) 2. Guaccero Andrea (independent director) 3. Callegari Giorgio (independent director)	1. Zarkhin Vitaly Yurievich (Chairperson, independent director) 2. Linnikov Alexandr Sergeevich (independent director) 3. Rakitin Andrey Alexandrovich (independent director) 4. Tyurnikov Anatoliy Mikhailovich (independent director)	1. Member of the Board of Directors (Chairperson, independent director) 2. Member of the Board of Directors (independent director) 3. Member of the Board of Directors (recognized as an independent director by a decision of the Board of Directors)

Each of the Committee's members gained extensive experience in their previous activities in finance, audit and corporate governance, and was elected with the purpose of using a wide range of business knowledge to fulfil the duties assigned to the Audit and Corporate Governance Committee in accordance with the Corporate Governance Code.

15 meetings of the Audit and Corporate Governance Committee were held totally in 2022.

Format of the meetings

<i>In praesentia</i>	<i>In praesentia and in absentia</i>	<i>In absentia</i>
8	2	5

Number of **meetings** in praesentia, and in praesentia and in absentia meetings of the members of the Audit and Corporate Governance Committee in 2022 **with various organizational units and the Company's auditor**:



The Audit and Corporate Governance Committee's work was carried out on the basis of the following work plans:

- Work plan approved by the Committee on October 21-22, 2021 (Minutes of the meeting of the Audit and Corporate Governance Committee of the Board of Directors of the Company No. 12/21 dated October 22, 2021);
- Work plan approved by the Committee on July 25, 2022 (Minutes of the meeting of the Audit and Corporate Governance Committee of the Board of Directors of the Company No. 9/22 dated July 27, 2022).

The Committee **considered** totally **49 issues in 2022**, including the following main issues:

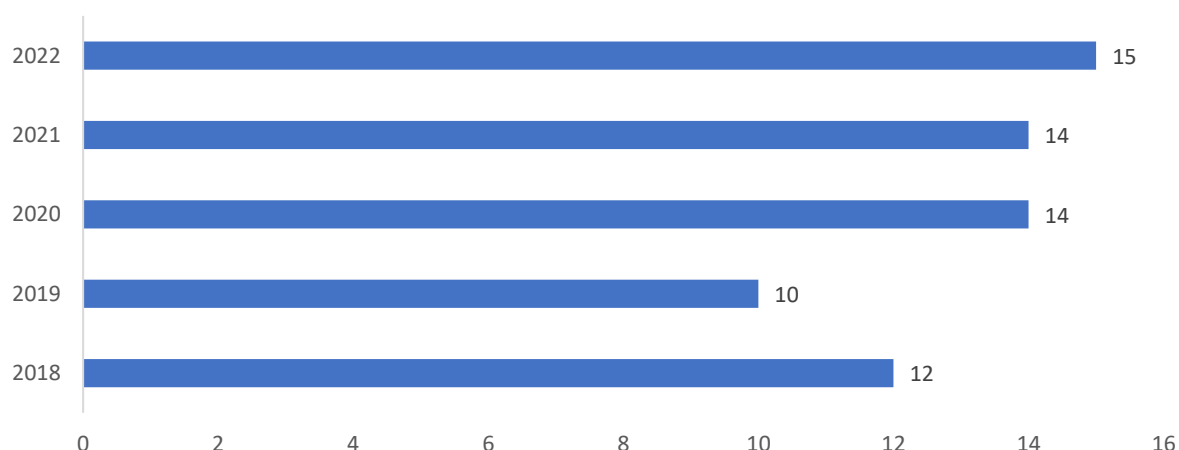
- recommendations to the Board of Directors regarding the candidacy of the company's Auditor;
- recommendations to the Board of Directors regarding the approval of the annual report of the Company for 2021;

- recommendations to the Board of Directors regarding the annual financial statements of the company for 2021, consolidated financial statements in accordance with IFRS for 2021, distribution of profit and payment of dividends;
- Committee's evaluation of the Auditor's reports on the company's accounting (financial) statements for 2021;
- consideration of regular reports of the Internal Audit Department on the implementation of the annual audit plan, risk reports, cybersecurity reports and reports on tax issues;
- recommendations to the Board of Directors regarding the approval of the Methodology Guidelines for Internal Audit;
- approval of the methodology for the annual assessment of the activities of the Internal Audit Department;
- recommendations to the Board of Directors regarding the approval of the Code of Ethics, Regulation on the Information Policy and the new edition of the Regulations on the Internal Audit Department;
- recommendations to the Board of Directors regarding the approval of a candidate for the position of head of the Company's Internal Audit Department;
- consideration of the corporate governance practices in the Company;
- recommendations to the Board of Directors regarding the approval of the action plan to improve the efficiency of the work of the Board of Directors.

According to the submitted reports, the internal audit process is carried out in an efficient way, with the internal audit performed in a timely manner, in accordance with the approved plan.

When conducting an external audit, the interaction between the Auditor and the company is carried out in an efficient way, in particular, the Auditor regularly meets with the Audit and Corporate Governance Committee. As a result of the evaluation by the Audit and Corporate Governance Committee of the Auditor's reports on the accounting (financial) statements of the Company prepared on the basis of the business activity results for 2022, it is established that the external audit was conducted in compliance with the terms and conditions of the contract concluded between the Auditor and the Company, in adherence to the agreed schedule and audit procedures, as well as the requirements of the law of the Russian Federation.

Number of meetings of the Audit and Corporate Governance Committee in 2018-2022



HR and Remuneration Committee

The duties of the HR and Remuneration Committee include support of the activities of the Board of Directors of the Company in efficient and transparent personnel management policy, succession planning, creating efficient remuneration system for the members of the Board of Directors, members of the Executive Board,

Corporate Secretary and key managers of the Company as well as assessment of the activities of the Board of Directors, its members and Committees²⁹.

Composition of the HR and Remuneration Committee

Composition of the HR and Remuneration Committee elected on 30.06.2021	Composition of the HR and Remuneration Committee elected on 24.06.2022	Composition of the HR and Remuneration Committee elected on 02.12.2022
1. Guaccero Andrea (Chairperson, independent director) 2. Callegari Giorgio (independent director) 3. Palazzolo Andrea (independent director)	1. Rakitin Andrey Alexandrovich (Chairperson, independent director) 2. Nesterenko Alexandra Konstantinovna (independent director) 3. Ruzmetova Madina Iskandarovna (independent director)	1. Member of the Board of Directors (Chairperson, independent director) 2. Member of the Board of Directors (independent director) 3. Member of the Board of Directors (recognized as an independent director by a decision of the Board of Directors)

In 2022, 13 meetings of the HR and Remuneration Committee were held, at which 46 issues were considered.

Format of the meetings

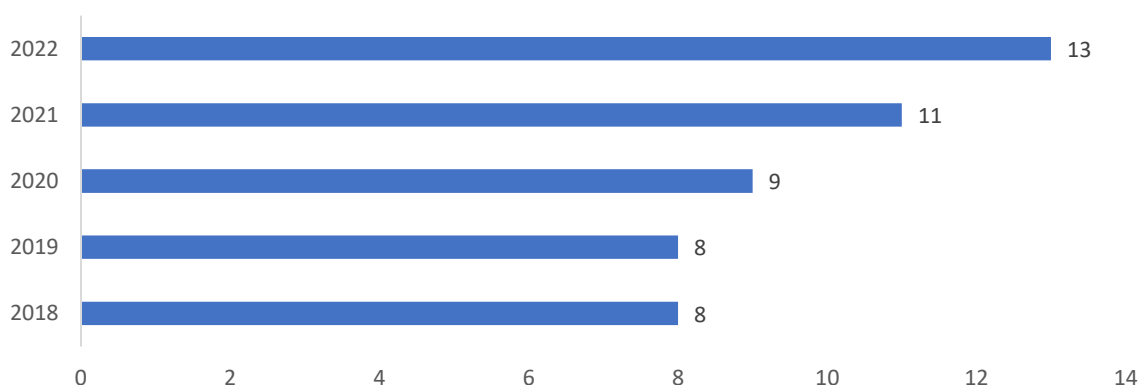
<i>In praesentia</i>	<i>In absentia</i>
10	3

Most significant issues and key recommendations:

- issuing recommendations to the Company's Board of Directors on issues related to the remuneration of key managers, including the approval of the new edition of the Policy on remuneration and reimbursement of expenses (compensations) of the members of the executive bodies and other key managers;
- issuing recommendations to the Company's Board of Directors on issues of long-term bonuses, including the approval of the Long-Term Incentive Plan in the Company for various periods;
- issuing recommendations to the Company's Board of Directors on the approval of key performance indicators for key managers and reports on their fulfillment;
- issuing recommendations to the Company's Board of Directors on consideration of the self-evaluation report of the Board of Directors of PJSC «EL5-Energo» for 2021;
- issuing recommendations to the Company's Board of Directors on the evaluation of candidates elected at the General Shareholders' Meetings of the Company, including the expression of an opinion on the status of their independence;
- issuing recommendations to the Company's Board of Directors on the approval of the action plan to improve the efficiency of the work of the Board of Directors;
- consideration of the issue of extending the liability insurance program for directors and officers;
- issuing recommendations to the Company's Board of Directors on the approval of the Profile of the Board of Directors of the Company (Board of Directors Target Model);
- consideration of the issue of supporting employees in regions with a critical situation;
- issuing recommendations to the Company's Board of Directors on the approval of candidates for the positions of key managers of PJSC «EL5-Energo», including the position of the General Director of the Company;
- issuing recommendations to the Company's Board of Directors on the approval of a candidate for the position of the Corporate Secretary of the Company;
- issuing recommendations to the Company's Board of Directors on the approval of changes in the composition of the Company's Executive Board.

Number of meetings of the HR and Remuneration Committee in 2018-2022

²⁹ More detailed information on the functions of the Committee is included in the Organizational Regulation on Committees of the Board of Directors of PJSC «EL5-Energo» that is published on the Company website <https://www.el5-energo.ru/en/>.



Related Party Transactions Committee

The duties of the Related Party Transactions Committee included assisting the Board of Directors in evaluation and decision-making during consideration of related party transactions, cases of the conflict of interest and significant corporate actions³⁰.

On December 2, 2022, the Related Party Transactions Committee was abolished by decision of the Board of Directors. At the same time, the duty of assisting the Board of Directors in identifying and preventing conflicts of interest was transferred to the Audit and Corporate Governance Committee.

Composition of the Related Party Transactions Committee

Composition of the Related Party Transactions Committee elected on 30.06.2021	Composition of the Related Party Transactions Committee elected on 24.06.2022	Composition of the HR and Remuneration Committee elected on 02.12.2022
1. Callegari Giorgio (Chairperson, independent director) 2. Guaccero Andrea (independent director) 3. Palazzolo Andrea (independent director)	1. Linnikov Alexandr Sergeyeovich (Chairperson, independent director) 2. Gadzhiev Grigoriy Khochbarovich (independent director) 3. Ruzmetova Madina Iskandarovna (independent director)	Abolished

In 2022, nine meetings of the Related Party Transactions Committee were held, at which 17 issues were considered.

Format of the meetings

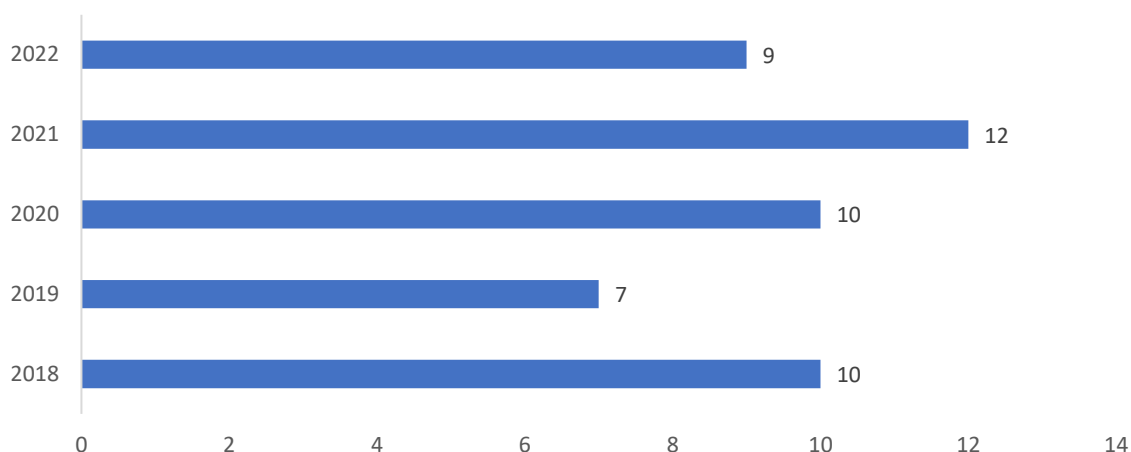
<i>In praesentia</i>	<i>In praesentia and in absentia</i>	<i>In absentia</i>
4	1	4

Most significant issues and key recommendations:

- issuing recommendations to the Company Board of Directors on issues of approval of related party transactions;
- issuing recommendations to the Company Board of Directors on the approval of the action plan to improve the efficiency of the work of the Board of Directors.

Number of meetings of the Related Party Transactions Committee in 2018-2022

³⁰ More detailed information on the functions of the Committee is included in the Organizational Regulation on Committees of the Board of Directors of PJSC «EL5-Energo» that is published on the Company website <https://www.el5-energo.ru/en/>.



Strategy and ESG committee ³¹

The duties of the Strategy and Sustainability Committee include assisting the Board of Directors in evaluation and making decisions on the Company's strategy through preparatory work followed by provision of proposals and recommendations.

Having a Committee responsible for the sustainability issues is a good practice. According to the results of the annual study "National Corporate Governance Index: information disclosure 2022", only 27 percent of companies have a sustainability committee of the Board of Directors or other committee with ESG or sustainability objectives.

In 2022, the Committee was renamed and the following functions were added³²:

- preliminary approval of ESG KPIs;
- preliminary consideration of the Company's key ESG documents (policies, strategies) to be approved by the Board of Directors;
- consideration of issues related to climate strategy and climate risks;
- preliminary review and analysis of the Company's annual Sustainability Report;
- supervision of compliance with the SASB (Sustainability Accounting Standards Board) standards.

Composition of the Strategy and Sustainability Committee

Composition of the Strategy and Sustainability Committee elected on 30.06.2021	Composition of the Strategy and Sustainability Committee elected on 24.06.2022	Composition of the Strategy and Sustainability Committee elected on 02.12.2022
1. Callegari Giorgio (Chairperson, independent director)	1. Tyurnikov Anatoly Mikhailovich (Chairperson, independent director)	1. Member of the Board of Directors (Chairperson, non-executive director)
2. Braverman Anatoly Alexandrovich	2. Zarkhi Mikhail Arkadievich	2. Member of the Board of Directors (non-executive director)
3. Giannelli Maria Antonietta	3. Zarkhin Vitaly Yurievich (independent director)	3. Member of the Board of Directors (non-executive director)
4. Mori Simone	4. Ovanesov Alexandr Alexandrovich (independent director)	4. Member of the Board of Directors (non-executive director)
5. Ferrara Giuseppe	5. Plaksina Tatiana Vitalyevna	
	6. Sitdekov Tagir Alievich ³³	

³¹ On June 24, 2022, the Strategy Committee was renamed the Strategy and Sustainability Committee by decision of the Board of Directors.

³² More detailed information on the functions of the Committee is included in the Organizational Regulation on Committees of the Board of Directors of PJSC «EL5-Energo» that is published on the Company website <https://www.el5-energo.ru/>.

³³ T.A. Sitdekov, a member of the Strategy and Sustainability Committee, notified the Company of the resignation of the powers of the Committee member from August 18, 2022.

		5. Member of the Board of Directors (executive director)
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In 2022, seven meetings of the Strategy and Sustainability Committee were held, at which 14 issues were considered.

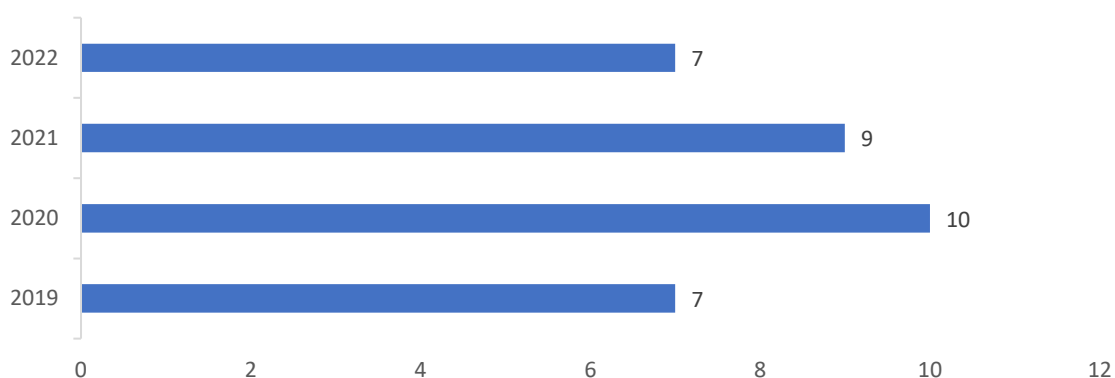
Format of the meetings

<i>In praesentia</i>	<i>In praesentia and in absentia</i>	<i>In absentia</i>
2	1	4

Most significant issues and key recommendations:

- issuing recommendations to the Company Board of Directors on approval of the company's business plan for 2022-2024, including the company's budget for 2022;
- issuing recommendations to the Company's Board of Directors on the approval of the action plan to improve the efficiency of the work of the Board of Directors;
- issuing recommendations to the Company Board of Directors on approval of the Company's Sustainability Report for 2021;
- approval of the company's sustainability plan for 2022–2024;
- discussion of various issues related to the Company's investment projects and issuing relevant recommendations to the Board of Directors.

Number of meetings of the Strategy and Sustainability Committee in 2019–2022³⁴



Information on evaluation of the quality of work of the Board of Directors for 2022

According to principle 2.9.1. of the Corporate Governance Code approved by the Bank of Russia on 10.04.2014 (Letter No. 06-52/2463), evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.

Since 2017, the company has conducted an annual evaluation of the quality of the Board of Directors' work. The year 2022 was an exception, as in the reporting period there were three different compositions of the Board of Directors (composition 1 - from 01.01.2022 to 07.06.2022, composition 2 - from 07.06.2022 to 25.11.2022 and composition 3 - from 25.11.2022 to 31.12.2022), and it was not possible to conduct a full and qualitative evaluation for objective reasons. The company plans to improve its corporate practice and conduct a quality evaluation of the Board of Directors in 2023.

Improvements in the Board of Directors performance occurred as a result of the self-evaluation carried out for 2021

³⁴ Strategy and ESG Committee has been operating since mid-2019, and therefore the dynamics are specified only for a four-year period.

Based on the results of the self-evaluation of the quality of work of the Board of Directors for 2021, the Board of Directors approved an action plan to improve the efficiency of the work of the Company Board of Directors (Minutes No. 10/22 dated May 26, 2022).

Key recommendations	Actions taken
1. Strengthen the composition of the Board of Directors	<p>In 2022, the Company published on its website the Profile of the Board of Directors (Target Model of the Board of Directors), approved by the Board of Directors (minutes No.02/22 dated February 10, 2022). This document describes the vision of the Board of Directors, of how the Board's composition should be aligned with the company's business and strategy, as well as how it should contribute to the effectiveness of the Board and provides the company's shareholders with a set of guidelines on the mix of expertise, experience, skills and personal qualities of the Board's members necessary for the Board's decision-making.</p> <p>Areas of expertise of the current composition of the Board of Directors in aggregate: energy, renewables, industry, information technology, economy, strategic planning, finance, law, risk management, operations, sustainability, human resource management, and corporate governance.</p> <p>There were three independent directors on the Board of Directors from 01.01.2022 to 07.06.2022, eight independent directors from 07.06.2022 to 25.11.2022, and four independent directors from 25.11.2022 to 31.12.2022.</p>
2. Improve the communication with analysts and investors	<p>The Board of Directors has the opportunity to participate in meetings and conference calls with investors, analysts and other interested parties as observers, leaving the right to answer questions and represent the Company's stance to the Company management.</p>
3. Consider updating the policy of remuneration of the Board of Directors	<p>The policy of remuneration of members of the Board of Directors and Committees of the Board of Directors was reviewed at a meeting of the HR and Remuneration Committee as part of the discussion of comparative analyzes of benchmarking remuneration analyses of the company's Board of Directors compared to a group of peer companies prepared by the Corporate Secretary and an external organization - the limited liability company Stanton Chase Rus (Stanton Chase).</p>
4. Ensure the quality of materials prepared for meetings of the Board of Directors	<p>The recommendation has been taken into account. The management continuously strives to improve the quality of materials prepared for meetings and their timely provision.</p>
5. Ensure timely provision of meeting materials	
6. Improve the interaction among the members of the Board of Directors	<p>The recommendation has been taken into account. Compared to 2020 and 2021, a greater number of meetings of the Board of Directors and its Committees were held with collective personal presence of directors in 2022. Also, unscheduled meetings on specific issues were organized for members of the Board of Directors.</p>

General Director and Executive Board

Current activities of the Company are managed by the sole executive body, the General Director, and collective executive body - Executive Board.

The General Director and the Executive Board are accountable to the General Shareholders' Meeting and the Board of Directors and act on the basis of the Company's Charter. The functions of the Chairperson of the Executive Board are performed by the General Director. The activities performed by the Executive Board are regulated by the Regulation on the Executive Board.

Until May 1, 2022, Stephane Maurice Zweguintzow was the General Director of the Company. On May 1, 2022, Zhanna Igorevna Sedova has been elected the General Director of the Company. By the decision of the Board of Directors dated December 9, 2022, the powers of Zhanna Igorevna Sedova as the General Director were terminated from December 9, 2022, and Alibek Aibekovich Tnalin was elected the new General Director.

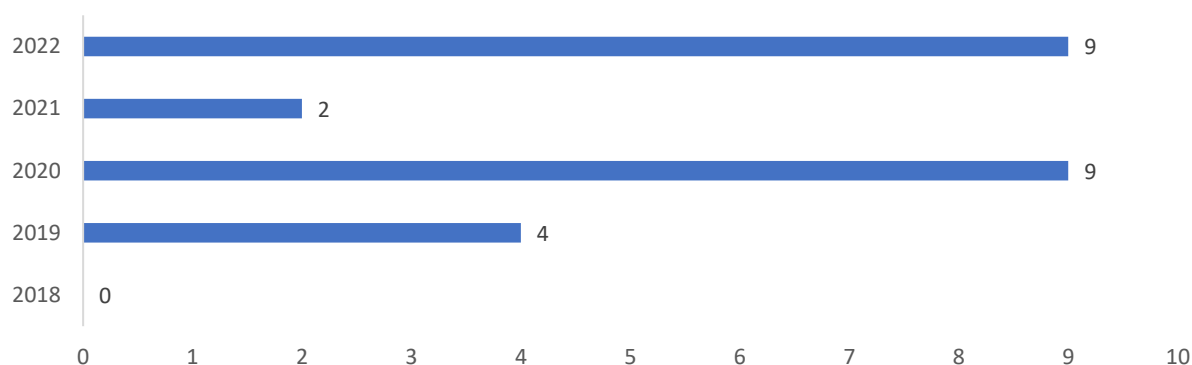
Compositions of the Executive Board in 2022				
From 01.01.2022 until 27.04.2022	From 27.04.2022 until 01.05.2022	From 01.05.2022 until 26.07.2022	From 26.07.2022 until 09.12.2022	After 09.12.2022
1.Zweguintzow Stephane Maurice (Chairperson) 2.Atzeni Moskvitin Matvej Vladimirovich 3.Vereshchagin Mikhail Igorevich 4.Kosmenyuk Oleg Nikolayevich 5.Matyushova Yulia Konstantinovna	1. Zweguintzow Stephane Maurice (Chairperson) 2.Atzeni Moskvitin Matvej Vladimirovich 3. Vereshchagin Mikhail Igorevich 4. Kosmenyuk Oleg Nikolayevich	1. Sedova Zhanna Igorevna (Chairperson) 2.Atzeni Moskvitin Matvej Vladimirovich 3.Vereshchagin Mikhail Igorevich 4.Kosmenyuk Oleg Nikolayevich 5.Leonova Nina Vasilyevna	1. Sedova Zhanna Igorevna Sedova (Chairperson) 2.Atzeni Moskvitin Matvej Vladimirovich 3.Vereshchagin Mikhail Igorevich 4. Kosmenyuk Oleg Nikolayevich 5.Leonova Nina Vasilyevna 6. Rachkin Sergey Vladimirovich	1.Tnalin Alibek Aibekovich (Chairperson) 2.Atzeni Moskvitin Matvej Vladimirovich 3.Vereshchagin Mikhail Igorevich 4. Kosmenyuk Oleg Nikolayevich 5.Leonova Nina Vasilyevna 6.Sedova Zhanna Igorevna 7. Rachkin Sergey Vladimirovich

Meetings of the Executive Board are convened by the Chairperson of the Executive Board at the initiative of the Chairperson of the Executive Board or one of the members of the Executive Board or by a decision of the General Shareholders' Meeting, the Board of Directors or the auditor. In total, nine meetings of the Executive Board were held in 2022. They considered 15 issues related to the current business activities of the Company.

Format of the meetings

<i>In praesentia</i>	<i>In praesentia and in absentia</i>	<i>In absentia</i>
4	4	1

Number of Executive Board meetings in 2018-2022

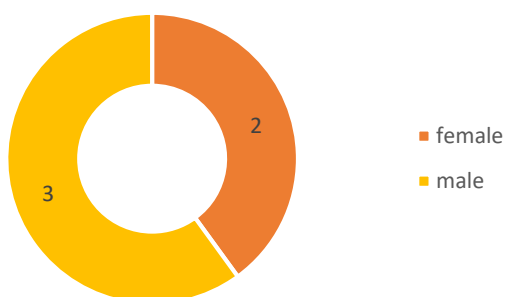


Participation of the Executive Board members in the Executive Board meetings in 2022

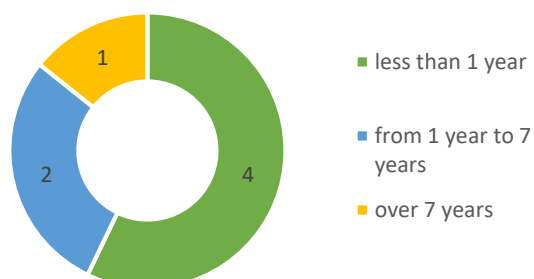
Full name	Number of meetings in which a member of the Executive Board participated/number of meetings in which a member of the Executive Board could participate
Atzeni Moskvitin Matvej Vladimirovich	9/9
Vereshchagin Mikhail Igorevich	9/9
Zweguintzow Stephane Maurice	1/1
Kosmenyuk Oleg Nikolayevich	9/9
Leonova Nina Vasilyevna	8/8
Matyushova Yulia Konstantinovna	1/1
Rachkin Sergey Vladimirovich	8/8
Sedova Zhanna Igorevna	8/8
Tnalin Alibek Aibekovich	1/1

Composition of the Executive Board as of December 31, 2022

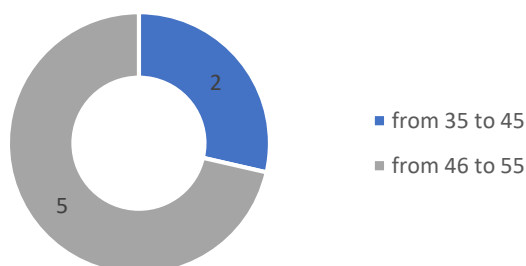
Gender composition



Terms of service of the Company's Executive Board



Age



Information about members of the Executive Board of the Company³⁵

Tnalin Alibek Aibekovich	
General Director	
Chairperson of the Executive Board	
Born	1976
Citizenship	Russian Federation
Education	Moscow State Institute of International Relations, economist in international economic relations with knowledge of a foreign language
Work experience over the last 5 years	December 2022 – present – General Director, Chairperson of the Executive Board of the company 2021 – present – General Director Office at JSC «VDK-Energo» 2012–2022 – Head of the Energy Assets Development and Project Support Department at PJSC «LUKOIL»
Awards	Letter of Acknowledgement from the Ministry of Energy of the Russian Federation Certificate of Honor from the Ministry of Energy of the Russian Federation
Ownership on shares/ transactions with shares	The share of the person in the charter capital of the company: 0.0016 percent. The share of the person's voting shares: 0.0016 percent. In November 2022, he made two transactions to acquire ordinary shares of the company in 2022 ³⁶ . He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Atzeni Moskvitin Matvej Vladimirovich	
Head of Energy and Commodity Management	
Born	1976
Citizenship	Russian Federation
Education	University of Cagliari (Italy), «foreign languages and literature» State University of Management (Russia), MBA, «energy management»
Work experience over the last 5 years	2022 – present – Head of Energy and Commodity Management of the company 2020 – present – member of the Executive Board of the company 2020–2022 – Head of Energy Management of the company 2020 – Director for Energy Markets and Fuel Supply of the company 2016–2020 – Deputy General Director for Market at LLC «Rusenergosbyt»
Ownership on shares/ transactions with shares	He has no shares in the charter capital / ordinary shares of the company. He made no transactions with ordinary shares of the company in 2022. He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

³⁵ The information is specified as of March 2022. Information on Executive Board members Zweguintzow Stephane Maurice and Matyushova Yulia Konstantinovna can be found in the [Annual Report for 2021](#). Information about the Executive Board members and the General Director can also be found in the issuer's reports in Russian posted on the Company website <https://www.el5-energo.ru/>.

³⁶ For more information on transactions with shares please see the issuer's report for 2022.

Vereshchagin Mikhail Igorevich Deputy General Director – Head of People and Organization	
Born	1968
Citizenship	Russian Federation
Education	Moscow Institute of Chemical Technology named of D.I. Mendeleev, biotechnological engineer Bocconi University Business School (Milan, Italy) advanced training in «international management» Moscow Gestalt Institute/London Ashbourne Centre, applied psychology course, consultant psychologist London Metropolitan University/MIRBIS, MA (Master of Arts) in «human resources management»
Work experience over the last 5 years	2020 – present – Deputy General Director – Head of People and Organization, member of the Executive Board of the company 2014–2019 – Vice-president (VP) HR, Eurasia region (Russia, Ukraine, CIS, Turkey, Romania, Bulgaria) Renault, Renault-Nissan Alliance
Ownership on shares/ transactions with shares	He has no shares in the charter capital / ordinary shares of the company. He made no transactions with ordinary shares of the company in 2022. He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Kosmenyuk Oleg Nikolaevich Deputy General Director – Head of Generation	
Born	1970
Citizenship	Russian Federation
Education	Pavlodar State University, thermal power engineer
Work experience over the last 5 years	2016 – present – Deputy General Director – Head of Generation of the company 2013 – present – member of the Executive Board of the company
Awards	Letter of Acknowledgement from the President of the Russian Federation, 2021 Honorary title «Honored Power Engineer», 2020 Certificate of Honor from the Ministry of Energy of the Russian Federation, 2015 Certificate of Honor from the Governor of the Sverdlovsk Region, 2015
Ownership on shares/ transactions with shares	He has no shares in the charter capital / ordinary shares of the company. He made no transactions with ordinary shares of the company in 2022. He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Leonova Nina Vasilievna Deputy General Director – Head of Administration, Finance and Control	
Born	1978
Citizenship	Russian Federation
Education	Plekhanov Russian University of Economics, «finance and credit», economist
Work experience over the last 5 years	2022 – present – Deputy General Director – Head of Administration, Finance and Control, member of the Executive Board of the company 2015–2022 – Head of Finance and Insurance of the company
Ownership on shares/ transactions with shares	She has no shares in the charter capital / ordinary shares of the company. She made no transactions with ordinary shares of the company in 2022. She has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Rachkin Sergey Vladimirovich

Deputy General Director – Head of Security	
Born	1979
Citizenship	Russian Federation
Education	Moscow Institute of Psychology and Social Sciences, «jurisprudence», lawyer Konakovo Energy College, «Operation of electrical equipment and means of automation and power systems», technician
Work experience over the last 5 years	2022 – present – Deputy General Director – Head of Security of the company 2022 – present – member of the Executive Board of the company 2021–2022 – Head of Security and Services of the company 2016–2021 – Head of Security of the company
Awards	Certificate of Honor from the Ministry of Energy of the Russian Federation, 2020
Ownership on shares/ transactions with shares	He has no shares in the charter capital / ordinary shares of the company. He made no transactions with ordinary shares of the company in 2022. He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Sedova Zhanna Igorevna Deputy General Director – Head of Legal and Corporate Affairs	
Born	1973
Citizenship	Russian Federation
Education	Perm State University, «jurisprudence», lawyer
Academic degree	PhD in legal sciences since 2001 (Russian Academy of Public Administration under the President of the Russian Federation)
Work experience over the last 5 years	December 2022 – present – member of the Executive Board of the company December 2022 – present – Deputy General Director – Head of Legal and Corporate Affairs of the company April 2022 – December 2022 – General Director of the company 2010 – 2022 – Head of Legal and Corporate Affairs of the company 2012 – April 2022 – Corporate Secretary of the company 2021 – present – Member of the Section for Legislative Support of the Electric Power Industry and Combined Heat and Power Generation (Cogeneration) of the Expert Council of the State Duma Committee on Energy 2020 – present – Member of the Scientific Advisory Council on International Law under the Ministry of Justice of the Russian Federation 2019 – present – Chairperson of the Energy Law Commission of the Moscow Branch of the Association of Lawyers of Russia 2006 – present – assistant professor (docent) of international law at the Russian State University of Justice
Awards	Annual National Award of the Association of Corporate Lawyers «Success. Best Corporate Lawyer 2022» in the nomination «Career of the Year», 2022 Included in the «Top-25 Best Corporate Governance Directors / Corporate Secretaries» of the National Award «Director of the Year», 2020, 2021 In 2016 the company's legal department headed by Z.I. Sedova was included in the top-list «500 Most Influential Legal Services in Business 2016» (GC Powerlist: Russia Teams 2016) HELP (Human Rights Education for Legal Professionals) trainer certificate issued by the Council of Europe, 2014 Annual National Award of the Association of Corporate Lawyers «Success. Best Corporate Lawyer 2013» in the nomination «Leader of the Year», 2013
Ownership on shares/ transactions with shares	She has no shares in the charter capital / ordinary shares of the company. She made no transactions with ordinary shares of the company in 2022. She has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Corporate Secretary

The company's Corporate Secretary acts in compliance with the Regulation on Corporate Secretary of the Company.

[Regulation on Corporate Secretary](#)

The main objective of the activities of the Corporate Secretary is to ensure efficient interaction with the shareholders, coordination of the Company's measures for protection of rights and interests of the shareholders, support of the effective work of the Company Board of Directors.

The Corporate Secretary performs the functions of the Secretary of the Board of Directors of the Company, the General Shareholders' Meeting of the Company, the Committees of the Board of Directors of the Company, unless otherwise provided by the decisions of the Company Board of Directors, as well as the Secretary of the Executive Board, unless otherwise provided by the decision of the Executive Board.

Corporate Secretary is an officer of the Company. The Corporate Secretary of the Company is appointed and dismissed by the General Director of the Company in accordance with the decision made by the Board of Directors.

The candidate for the position of the Corporate Secretary of the Company shall have higher education in law, economics or business, and shall have working experience in the area of corporate governance and experience in executive positions of minimum two years. The Corporate Secretary shall have knowledge, skills and experience sufficient for him/her to perform his/her obligations, excellent reputation and enjoy the trust of the shareholders.

At the beginning of 2022, the functions of the Corporate Secretary of the Company were performed by Sedova Zhanna Igorevna³⁷.

On April 29, 2022, the Board of Directors elected Zontov Andrey Sergeyeovich as the Corporate Secretary.

	Zontov Andrey Sergeyeovich in 2022 was included into the top 50 corporate governance directors
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Zontov Andrey Sergeyeovich	
Year of birth	1983
Nationality	Russian Federation
Education	Perm State University, major "Jurisprudence". National Corporate Secretaries Association (NCSA), Corporate Secretary advanced training program.
Work experience over the last 5 years	07.2012–12.2021 – Head of the Corporate Affairs Group - Deputy Corporate Secretary of Legal and Corporate Affairs; 06.2022–09.2022 – Head of Corporate Affairs of Legal and Corporate Affairs; 09.2022 - 03.2023– Head of Department - Head of Corporate Affairs of the Company; 04.2022 – 12.2022 – Corporate Secretary of the Company.
Awards	Included into the top 50 corporate governance directors in 2022 .
Ownership on shares	No shares in the charter capital/ ordinary shares of Company. No transactions with ordinary shares of Company in 2022. No participation interest in essential entities controlled by the Company (LLC Azov WPS, LLC Kola WPS).

Since December 12, 2022, the functions of the Corporate Secretary of the Company have been executed by Malinin Andrey Sergeyeovich .

³⁷ More details about Sedova Zhanna Igorevna are available in the [Company's Annual Report for 2021](#), as well as in the Executive Board section of the present Annual Report. .

Malinin Andrey Sergeevich Corporate Secretary	
Born	1985
Citizenship	Russian Federation
Education	M. V. Lomonosov Moscow State University, «jurisprudence», lawyer
Work experience over the last 5 years	December 2022 – present – Corporate Secretary of the company 2022 – present – Corporate Secretary at JSC «VDK-Energo» 2016–2022 – Chief Lawyer of the Corporate Secretary’s Office at PJSC «LUKOIL»
Ownership on shares/ transactions with shares	He has no shares in the charter capital / ordinary shares of the company. He made no transactions with ordinary shares of the company in 2022. He has no shares in the organizations controlled by the company that are of significant importance (LLC Azov WPS, LLC Kola WPS).

Remunerations

A decision on payment of remuneration and (or) compensation to the members of the Board of Directors and on determination of the amount of such remuneration and (or) compensation falls within the competence of the General Shareholders’ Meeting. A proposal on the specified agenda item of the General Shareholders’ Meeting is prepared by the Board of Directors after preliminary consideration of this item by the HR and Remuneration Committee.

The amount, procedure and conditions for payment of remuneration to the members of the Executive Board and other key managers of the company are determined upon decision of the company Board of Directors subject to prior consideration of these issues by the HR and Remuneration Committee of the Board of Directors of the company.

Remuneration to the Board of Directors Members

Payment of remuneration and compensation to the members of the company Board of Directors is governed by the Regulation on payment of remuneration and compensation to the members of the Board of Directors and Committees of the Board of Directors (approved by the decision of the annual General Shareholders’ Meeting of the company dated 18.06.2019, minutes No. 1/19 dated 18.06.2019), prepared with regard to the recommendations of the Corporate Governance Code.

[Regulation on payment of remuneration and compensations to members of Board of Directors and the Board of Directors’ Committees](#)

Regulation on payment of remuneration and compensations to the members of Board of Directors and Board of Directors’ Committees establishes a fixed annual remuneration to the Chairmen and the members of the Committees of the Board of Directors. The level of a fixed annual remuneration was proposed for approval by the General Shareholders’ Meeting on the basis of analysis of the remuneration market for the members of the Board of Directors of the Russian and foreign companies as well as an analysis of applicable remuneration policies for the members of the Board of Directors performed by Stanton Chase being independent from the management.

The amount of the fixed remuneration to the members of the Board of Directors per year, rub.

The amount of the fixed remuneration per year			
Chairman of the Board of Directors, Senior Independent Director	Member of the Board of Directors	Chairman of the Committee (additionally)	Member of the Committee (additionally)
6 320 000	4 460 000	860 000	570 000

The Regulation on payment of remuneration and compensations to the members of Board of Directors and Board of Directors’ Committees following the recommendations of the Corporate Governance Code provides

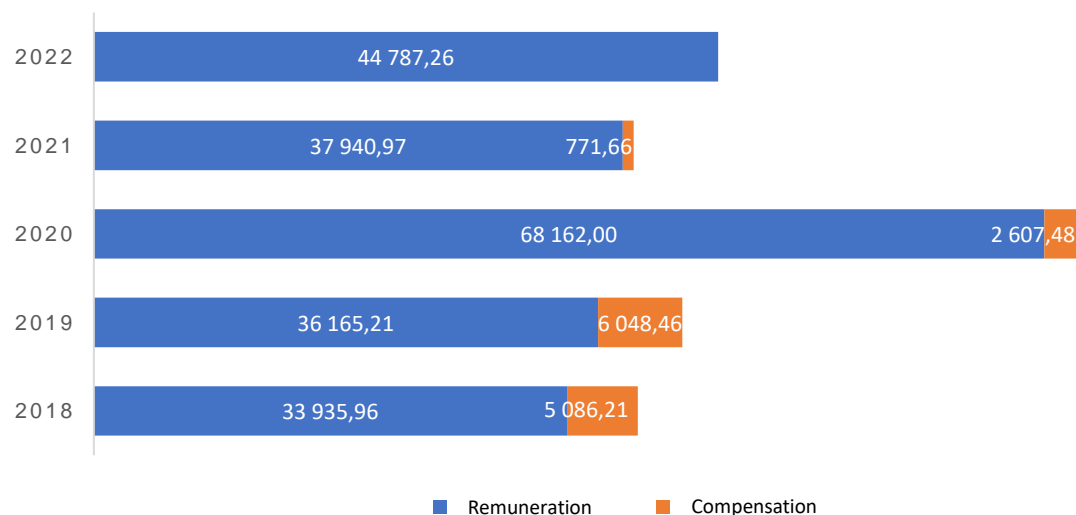
for a fixed annual remuneration as the main form of remuneration. Moreover, the members of the Board of Directors are entitled to sign an agreement for sales of shares with the company under the Stock Options Plan. The Regulation does not provide for the use of any form of short-term or long-term incentives for the members of the Board of Directors, accrual of severance payments due to termination of powers, other types of remuneration in non-monetary form.

Fixed remuneration is not paid to the members of the Board of Directors:

- in whose relation the federal law provides for a restriction or prohibition of receiving any payments from commercial organizations;
- who hold concurrently paid positions in the company;
- those refused from remuneration in full or in a certain part;
- those not participating in more than 70 percent of the meetings of the Board of Directors/Committee held during the month.

The members of the Board of Directors receive reimbursement of their expenses due to their presence at the meetings of the Board of Directors/Committees or performance by them of the job duties as the members of the Board of Directors/Committees.

The total amount of remuneration and compensation paid to the members of the Board of Directors (thd. rubles)



The change in the total amount of all types of the remuneration paid to the members of the Board of Directors and Committees in 2022 due to a change in the number of the members of the Board of Directors receiving compensations as well as the change in the composition of the Committees.

Remuneration paid due to fulfillment of the duties by the members of the Board of Directors in 2022 (thd. rubles)

A member of the Board of Directors	Remuneration to the members of the Board of Directors	Remuneration to the Chairman of the Board of Directors/Senior Independent Director	Remuneration to the members of the Committees within the Board of Directors	Remuneration to the Chairmen of the Committees within the Board of Directors
A member of the Board of Directors	1 945,06		275,50	
A member of the Board of Directors	2 093,72		251,65	

A member of the Board of Directors	446,00			
A member of the Board of Directors	1 945,06		551,00	415,66
A member of the Board of Directors	446,00		45,96	69,35
A member of the Board of Directors	446,00		45,96	69,35
A member of the Board of Directors	2 527,34		297,62	
A member of the Board of Directors	2 527,34		251,65	379,68
A member of the Board of Directors	74,33	521,67		
A member of the Board of Directors		2 756,22	589,67	792,66
A member of the Board of Directors	2 093,72		251,65	379,68
A member of the Board of Directors		2 879,06	251,65	
A member of the Board of Directors	2 093,72		251,65	
A member of the Board of Directors	1 945,06		551,00	415,66
A member of the Board of Directors	446,00			69,35
A member of the Board of Directors	2 527,34		297,62	
A member of the Board of Directors	74,33	521,67	91,93	
A member of the Board of Directors	2 093,72		251,65	379,68
A member of the Board of Directors	2 093,72		503,30	
A member of the Board of Directors	446,00		45,96	
A member of the Board of Directors	884,81		86,16	
A member of the Board of Directors	371,67			
A member of the Board of Directors	2 093,72		251,65	379,68

In 2022 certain members of the Board of Directors did not receive any remuneration due to their waiver. The company does not have an option program for the members of the Board of Directors; the members of the Board of Directors are not members of the bodies of the controlled companies and did not receive any remuneration from them.

The directors' liability insurance contracts are applicable to the members of the Board of Directors. More details on the terms of such contracts concluded in 2022 are provided in the Annex "Information on certain transactions made by the company and the entities controlled by the company that are significant to it in 2022".

Remuneration to the Members of the Executive Board and Key Managers

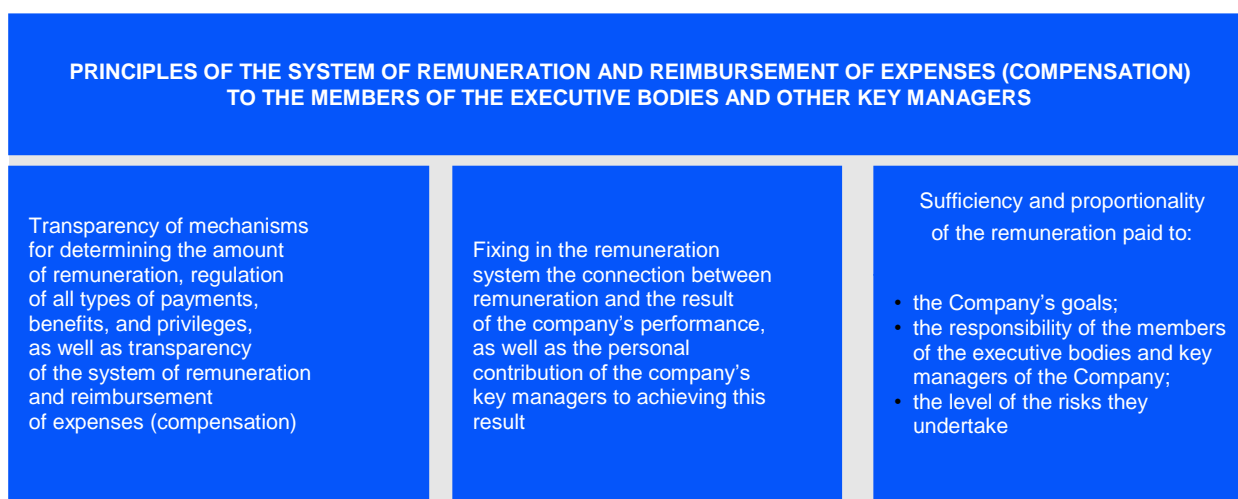
The documents governing the remuneration to the members of the Executive Board and key managers of PJSC «EL5-Energo» are:

- Policy on remuneration and reimbursement of expenses (compensations) of the members of the executive bodies and other key managers approved by the Board of Directors of the company (minutes No. 13/20 dated 28.07.2022);
- The Company's Long-Term Incentive Plan for 2019–2021 approved by the Board of Directors of the company (minutes No. 1/19 dated 29.01.2019);
- The Company's Long-Term Incentive Plan for 2020–2022 approved by the Board of Directors of the company (Minutes No. 9/20 dated 28.07.2020 as amended on July 26, 2022 (minutes № 13/22 dated 28.07.2022);
- The Company's Long-Term Incentive Plan for 2021–2023 approved by the Board of Directors of the company (Minutes No. 12/21 dated 30.09.2021).

Policy on remuneration and reimbursement of expenses to the members of the executive bodies and other key managers

The policy on remuneration and reimbursement of expenses (compensation) of the members of executive bodies and other key managers (hereinafter referred to as the “key managers”) has been compiled taking into account the requirements of the Corporate Governance Code.

The new version of the Policy approved by the Company’s Board of Directors in 2022 reduces the number of the key managers from 11 to 7: starting from the date of approval only members of the company’s Executive Board are included. Besides, the new version of the document expands the powers of the General Director in relation to the group of direct subordinates to the General Director, consisting of six key positions - Deputy General Directors.



The remuneration system for the key managers of the company is aimed at achieving the optimal balance between the interconnection of remuneration with the company’s performance and the personal contribution of each key manager of the company to achieving this result.

The Key Managers of the Company in 2022³⁸

General Director	Tnalin Alibek Aibekovich
DEPUTY GENERAL DIRECTOR - HEAD OF GENERATION	Kosmenyuk Oleg Nikolayevich
DEPUTY GENERAL DIRECTOR – HEAD OF ADMINISTRATION, FINANCE AND CONTROL	Leonova Nina Vasilievna
DEPUTY GENERAL DIRECTOR – HEAD OF HUMAN RESOURCE AND ORGANIZATION	Vereshchagin Mikhail Igorevich
DEPUTY GENERAL DIRECTOR – HEAD OF ENERGY MANAGEMENT	Atzeni Moskvitin Matvej Vladimirovich
DEPUTY GENERAL DIRECTOR - HEAD OF LEGAL & CORPORATE AFFAIRS	Sedova Zhanna Igorevna
DEPUTY GENERAL DIRECTOR – HEAD OF SECURITY	Rachkin Sergey Vladimirovich

³⁸ The data is provided as of December 31, 2022. During 2022 Stephane Maurice Zweguintzow and then Zhanna Igorevna Sedova were holding the post of General Director of the company. At the beginning of 2022, Matyushova Yulia Konstantinovna was Deputy General Director - Financial Director.



General Director

Members of the Executive Board

Remuneration for fulfillment of the duties of a member of the Executive Board and reimbursement of expenses (compensations) to the members of the Executive Board is not assumed due to the fact that the members of the Executive Board are key managers of the company who receive remuneration in accordance with the terms of the Regulation on remuneration and reimbursement of expenses (compensations) of the members of the executive bodies and other key managers.

Elements of the remuneration system for the key managers

Fixed part of remuneration (base salary)

It is determined upon decision of the Board of Directors and stipulated in the employment contract concluded between the company and the relevant key executive of the company.

When determining the amount of the base salary the following issues shall be taken into account:

- the level of competence and qualification of the person concerned, their individual skills and work experience;
- their scope and area of responsibility, the level of the risks undertaken;
- their personal contribution to the achievement of the company's results;
- the current remuneration practices in comparable companies at the positions of a similar level.

Variable part

Short-term element* (bonus for the results of the performance over the year)

The actual amount of the company's key executive bonus based on performance for the year is calculated using the following formula:

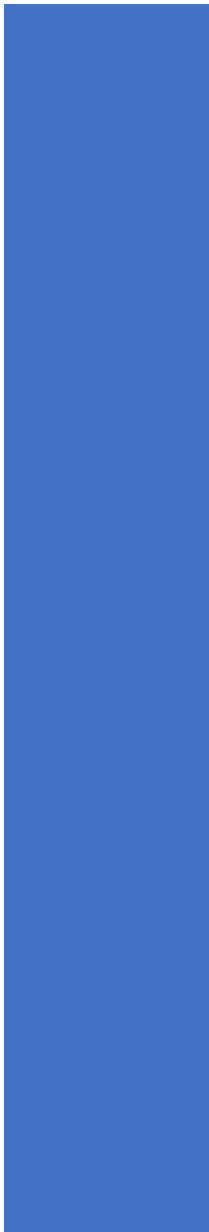
$AAB = BAB \times \sum (\text{percentage of KPI completion} \times \text{KPI weight}) \times \text{correction factor}$, where:

- AAB - the actual amount of the bonus based on the results of the work for the year;
- BAB - the base amount of the bonus based on the results of the work for the year;
- a percentage of KPI completion – the actual percentage of KPI completion calculated depending on the result achieved;
- a correction factor (multiplier or common denominator) that is the same for all key executives of the company.

The actual bonus amount can reach 150 percent of the base amount.

The base amount of the bonus for each key manager, after preliminary consideration by the Human Resources and Compensation Committee, is approved by the decision of the Board of Directors of the company and is fixed in the employment contract concluded with the key manager of the company. Individual key indicators for each calendar year are developed by the Human Resources and Compensation Committee and approved by the Company's Board of Directors.

The indicators can be financial and economic, non-financial, as well as the goals the achievement of which is a strategic factor in the success of a certain area of the company's activities.



Long-term element (bonus for the results of the Company performance over a three-year period)*

Other payments upon decision of the Board of Directors

The accrual and payment of the annual bonus are made on the basis of the approval by the Board of Directors of the report on fulfillment of annual KPIs by the named persons after preliminary consideration of this issue by the Human Resources and Remuneration Committee.

Bonuses to the key executives of the company based on performance over a three-year period are paid in accordance with the Long-term Incentive Plan approved by the decision of the Board of Directors after preliminary consideration of this issue by the Human Resources and Remuneration Committee.

The Long-Term Incentive Plan for 2019-2021 period, the Long-Term Incentive Plan for 2020-2022 period and the Long-Term Incentive Plan for 2021-2023 period establish the dependence of the actual amount of the bonus on the achievement of key performance indicators and provide for the accrual and payment of the bonus after the expiration of the plan. The 2020-2022 Long-Term Incentive Plan and the 2021-2023 Long-Term Incentive Plan provide the actual amount of the bonus in the form of a two-component incentive (receipt of shares and a cash payment as an option), the amount of which varies depending on the level of achievement of the program goals for a three-year period.

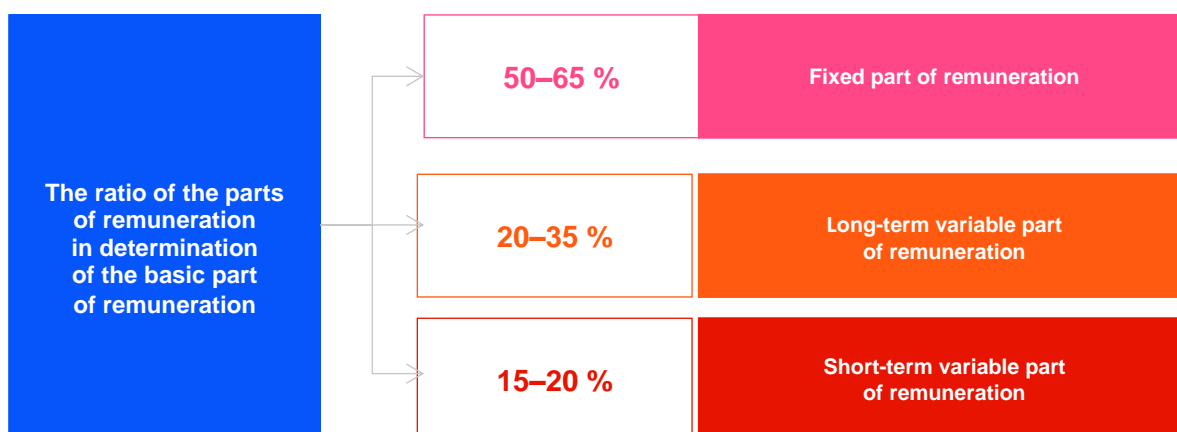
The accrual and payment of bonuses are made on the basis of the decision of the Board of Directors on the approval of the results of the achievement of KPIs and the calculation of the actual amount of the bonuses after preliminary consideration of this issue by the Human Resources and Remuneration Committee.

In certain cases other payments to the key managers of the company are also possible upon decision of the Board of Directors of the company (for example, payment of a one-time bonus as part of the salary review process, etc.)

** The information about the KPIs of the key managers subject to using these forms of motivation is contained in the Annex to this Annual Report.*

The Board of Directors is entitled to initiate the return to the company of the funds (bonus payments) illegally received by the key managers of the company as a result of manipulation with the reporting indicators or other unfair actions on the part of the relevant persons in accordance with the labor laws of the Russian Federation.

The ratio of the parts of remuneration in determination of the basic part of remuneration



To improve the efficiency and quality of the performance of their duties by key managers, the company provides them with additional benefits and social guarantees the list of which is approved by the decision of the Board of Directors.

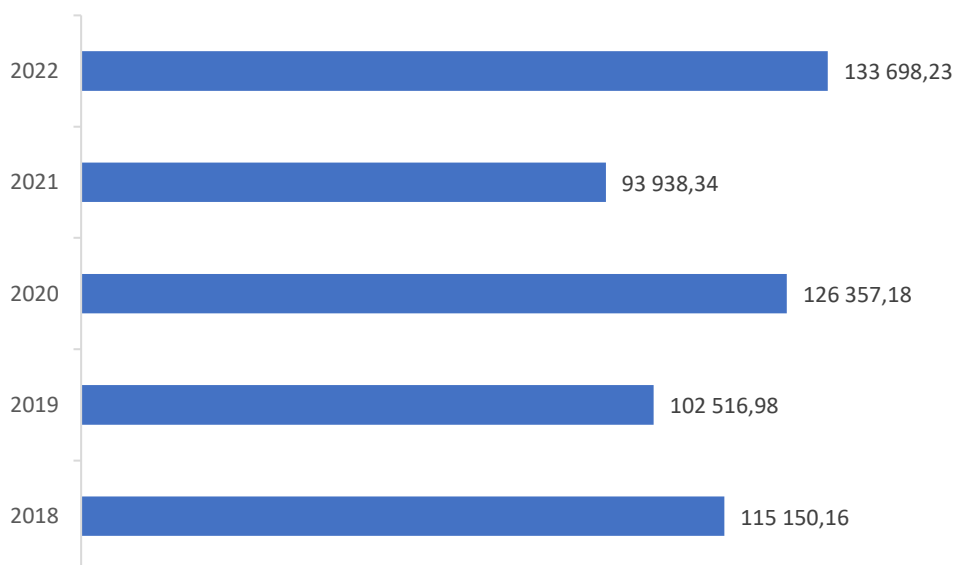
Besides the benefits and social guarantees provided to other employees of the company, the following benefits and social guarantees are provided to the key managers:

- compensation for using a private car or taxi services,
- the company can provide a loan to a key manager.

The approach to determination of the post-retirement benefits of the key managers does not differ from the approach to determination of the post-retirement benefits of other employees of the company. More about benefits, social guarantees, pension benefits for company employees, motivation and remuneration system Sustainability report.

The Regulation on remuneration and reimbursement of expenses (compensations) to the members of the executive bodies and other key managers (hereinafter referred to as the key managers) provides for the following types of payments upon dismissal of the key managers: payments upon termination of an employment contract due to recognition of an employee as incapable to work for medical reasons, and also payments upon termination of the employment contract upon agreement between the parties. In each case payments upon termination of the employment contract upon agreement between the parties are considered individually and approved by the decision of the Board of Directors of the company.

The amount of payments to the members of the Executive Board and key managers, thd. rubles.



The reason for changing in 2022 the total amount of all types of remuneration paid to the members of the Executive Board is the change in the composition of the Executive Board members.

The amount of the compensation paid to the persons being the members of the Executive Board in 2022 amounted to 7 243,31 thd. rubles.

The amount of payments to the members of the Executive Board and key managers in 2022, thd rubles.

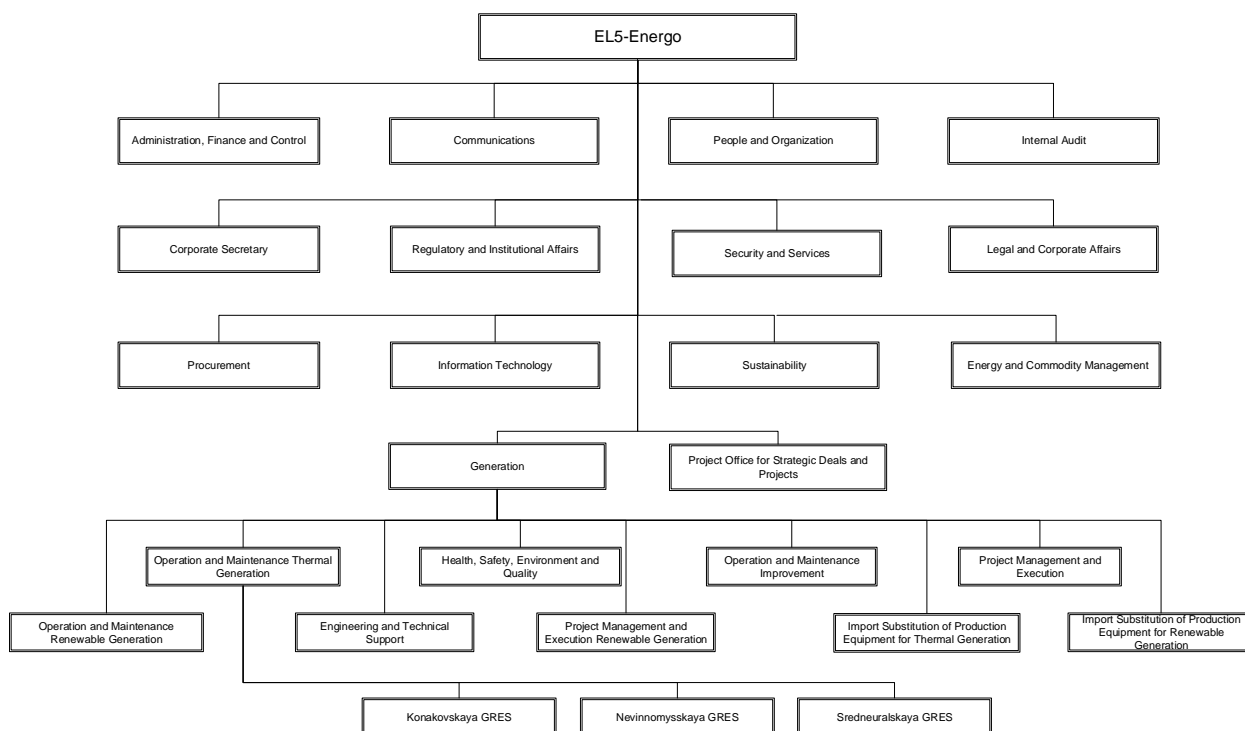
Indicator	Total remuneration of the members of the Executive Board	Total remuneration for a group of at least five of the highest paid key managers	Суммарное вознаграждение всех ключевых руководителей Total remuneration of all key managers
Fixed part (base salary)	72 402,32	54 537,37	97 992,46
Variable part of remuneration, including	61 295,91	63 423,70	80 895,99
Short-term element* (bonus for the results of the performance over the year)	29 975,51	31 681,97	46 005,00
Long-term element* (bonus for the results of the Company performance over a three-year period)	8 626,60	10 135,93	12 197,19
Other payments upon decision of the Board of Directors	22 693,80	21 605,80	22 693,80

In 2022 the company issued loans to the members of the Executive Board, their terms do not differ significantly from the market ones.

The members of the Executive Board of the company were not part to the management bodies of the controlled companies and did not receive any remuneration from them.

The directors' liability insurance agreements are applicable to the General Director, the members of the Executive Board and the members of the Board of Directors. More details on the terms of such agreements concluded in 2022 can be found in the Annex "Information on certain transactions executed by the company and its controlled entities being significant to it in 2022".

Company's Organizational Structure



* The chart as of December 31, 2022

To achieve the business goals and objectives set for the company, continuous sustainable development and effective assurance of its viability in the environment, including transparency of the management model, the organizational structure of the company is formed in functional areas distinguished by three types of activities:

Business lines	Staff Functions	Service functions
Energy and Commodity Management	Security and Services	Procurement
Generation	Internal Audit	Information Technology
	Communications	
	People and Organization	
	Legal and Corporate Affairs	
	Project Office for Strategic Deals and Projects	
	Regulatory and Institutional Affairs	
	Sustainability	
	Administration, Finance and Control	

These functional areas are related to the first line of subordination to the General Director and report directly to him.

The Corporate Secretary and the Internal Audit report administratively to the General Director, and functionally - to the Board of Directors of the company.

The functional areas that ensure the safety, efficiency and continuity of the production process are related to the first line of subordination to the Deputy General Director – Head of Generation. These functional areas include:

- Operation and Maintenance (thermal and renewable generation);
- Health, Safety, Environment and Quality;
- Operation and Maintenance Improvement;
- Project Management and Execution (thermal and renewable generation);
- Engineering and Technical Support;
- Import Substitution of Production Equipment (thermal and renewable generation).

The first line of subordination to the Head of Operations and Maintenance Thermal Generation includes, among other things, the power plants:

- Konakovskaya GRES;
- Nevinnomysskaya GRES;
- Sredneuralsk GRES.

In connection with the needs of the company that appeared in 2022, new business units were created: Operation and Maintenance Renewable Generation, Project Management and Execution Renewable Generation, Import Substitution of Production Equipment for Thermal Generation and Import Substitution of Production Equipment for Renewable Generation.

As part of its core activities and competencies, each of the units contributes to the formation of the business agenda, decision-making and the implementation of programs on economic, environmental and social issues.

Internal audit

[Regulations on the Internal Audit Department](#)

In 2022, the Board of Directors approved a new version of the Regulations on the Internal Audit Department, which was finalized in accordance with the recommendations of the Central Bank of the Russian Federation. In particular, the updated version of the Regulations on the Internal Audit Department establishes:

- the right of the Internal Audit Director to participate in meetings of the Board of Directors of the company, its Committees and meetings of the executive bodies of the company;
- frequency of external evaluation of internal audit activities;
- responsibility of the Internal Audit Director for forming an opinion on the reliability and effectiveness of risk management and internal control, as well as on the effectiveness of corporate governance, and for reliability and credibility of the information on the basis of which it is prepared;
- measures aimed at ensuring the independence of the Internal Audit Department, including annual confirmation of the fact of the organizational independence of the Internal Audit Department by the Internal Audit Director.

The main goal of the Internal Audit Department of the company is the systematic provision of the Audit and Corporate Governance Committee of the Board of Directors, the Board of Directors and the General Director with an independent assessment of the effectiveness of the internal control system, risk detection and management system, as well as corporate governance practices.

Main tasks of the Internal Audit Department

Assistance to the management and staff of the company in the development and monitoring of the implementation of procedures and measures to improve the risk management, internal control and corporate governance system in the company

Coordination of activities with the external auditor of the company, as well as persons providing consulting services in the field of risk management, internal control and corporate governance

Carrying out an internal audit of controlled companies within the established procedure

Preparation and submission to the Audit and Corporate Governance Committee of the Board of Directors, the Board of Directors and the management of the company of reports on the implementation of the annual audit plan

Verification of compliance by members of the executive bodies, management and staff of the company with the provisions of the legislation of the Russian Federation and the internal regulatory documents of the company regarding insider information, anti-corruption and compliance with the requirements of the Company's Code of Ethics

The functions of the Internal Audit Department include:

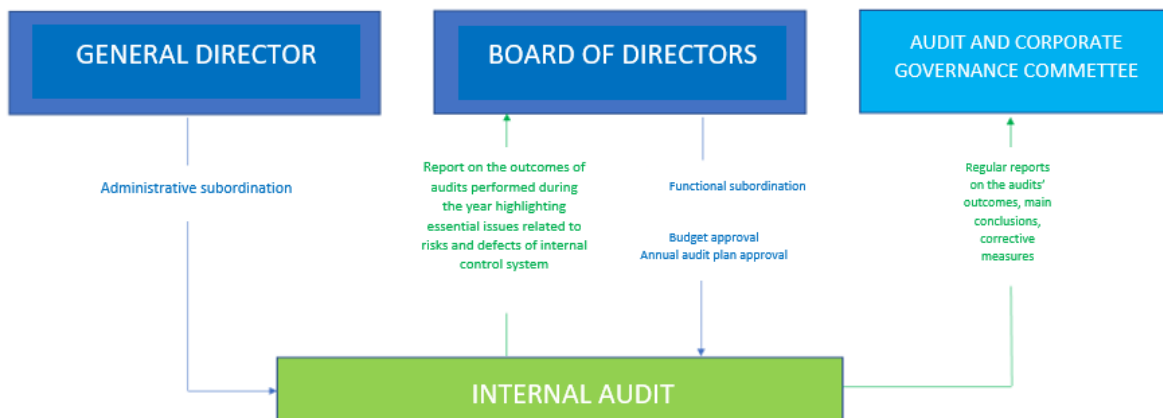
- Assessment of the adequacy and effectiveness of the internal control system, which includes:
 - analysis of the conformity of the goals of business processes, projects and structural divisions with the goals of the company, verification of compliance with procedures for countering illegal actions, abuse and corruption, ensuring the reliability and integrity of information systems;
 - verification of ensuring the reliability of accounting (financial), statistical, managerial and other reporting, determining how the results of the activities of business processes and structural divisions of the company correspond to the goals set;
 - determination of the adequacy of the criteria established by the executive bodies to analyze the degree of fulfillment (achievement) of the set goals;
 - identification of deficiencies in the internal control system that did not allow (do not allow) the company to achieve its goals;
 - assessment of the results of the introduction (implementation) of measures to eliminate violations, shortcomings and improve the internal control system implemented by the company at all levels of management;
 - verification of the effectiveness and expediency of the use of resources;
 - checking the security of assets;
 - verification of compliance with the requirements of legislation, the Charter and internal documents of the company;

- Assessment of the effectiveness of the risk management system, which includes:
 - verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting);
 - verification of the completeness of identification and correctness of risk assessment by the company's management at all levels of its management;
 - verification of the effectiveness of control procedures and other risk management measures, including the efficiency of the use of resources allocated for these purposes;
 - analysis of information on realized risks (violations identified as a result of internal audits, facts of failure to achieve goals, facts of litigation);

- Assessment of corporate governance, which includes verification of:
 - compliance with ethical principles and corporate values of the company;
 - procedure for setting company goals, monitoring and controlling their achievement;
 - level of regulatory support and procedures for information exchange (including on internal control and risk management) at all levels of the company's management, including interaction with stakeholders;
 - ensuring the rights of shareholders, including controlled companies, and the effectiveness of relationships with stakeholders;
 - procedures for disclosing information about the activities of the company and the companies controlled by it.

In carrying out its activities, the Internal Audit Department adheres to the principle of independence. The Internal Audit Director is accountable to the Board of Directors, it is appointed and dismissed by the General Director by decision of the Board of Directors of the company. The Internal Audit Director does not manage the functional areas of the company's activities that require management decisions regarding the objects of audit.

Subordination and reporting



The Auditor

The company engages an external auditor for an independent assessment of the financial statements reliability. After the necessary internal procedures the candidate of the external auditor is approved annually by the General Shareholders' Meeting.

The auditor of PJSC «EL5-Energo» is JSC Kept (formerly named Joint Stock Company KPMG).

The company conducted a procurement procedure as a result of which the candidacy of Joint Stock Company Kept was proposed by the company's Board of Directors to the General Shareholders' Meeting for approval as the Auditor (after preliminary consideration of this issue by the Audit and Corporate Governance Committee). On June 07 2022, the Annual General Shareholders' Meeting approved Joint Stock Company Kept as the Auditor.

Joint Stock Company Kept meets all the requirements imposed on the auditor by the applicable laws of the Russian Federation, including the independence criteria.

Joint Stock Company Kept is a member of the Self-regulating organization of auditors Association "Sodruzhestvo" (SRO AAS). JSC Kept is included in the control copy of the register of auditors and audit institutions under the main registration number of the entry 12006020351.

The remuneration amount of the Auditor is approved by the Board of Directors and is indicated in the agreement with the Auditor. The amount of the Auditor's remuneration has not changed compared to 2021.

The Amount of the Auditor's Remuneration in 2022

	Amount, rubles, Excluding VAT
Company	10 073 115
Other companies of the group	4 555 500

In the reporting year the Auditor did not render any non-audit services to the company and its subsidiaries and, accordingly, no remuneration for the non-audit services was paid to it.

The General shareholders meeting of the company approved JSC Kept as the Auditor in 2020, 2021, 2022

Anti-corruption policy

The Company is aware that the phenomenon of corruption is an obstacle to economic, political and social development and a serious violation of the rules of correctness and transparency of markets. The principles that PJSC "EL5-Energo" undertakes to comply with in this area are specified in the Code of Ethics and the Company's Anti-Corruption Policy.

Code of Ethics	Anti-Corruption Policy	Anti Corruption Management System Manual
--------------------------------	--	--

In 2022 the Board of Directors adopted an updated version of the Code of Ethics, which reflected the approach of our company, striving to be modern, open, flexible and responsive. The general principles include provisions related to the protection of personal data; the document is supplemented with information on the internal control and risk management system, and also establishes the responsibilities of the Sustainability Direction in the field of environmental, social and corporate governance.

The company has established a permanent Anti-Corruption Committee. The Committee is engaged in the implementation of measures to prevent and combat corruption, as well as to minimize or eliminate the consequences of corruption offenses.

Members of the Anti-Corruption Committee as of 31.12.2022	
Full name	Job title
Vavilov Dmitry Yurievich	Health and Safety, Environment and Quality Director
Rachkin Sergey Vladimirovich	Deputy General Director - Security Director
Rozhina Larisa Nikolaevna	Internal Audit Director
Sedova Zhanna Igorevna	Deputy General Director - Director for Legal Affairs and Corporate Relations

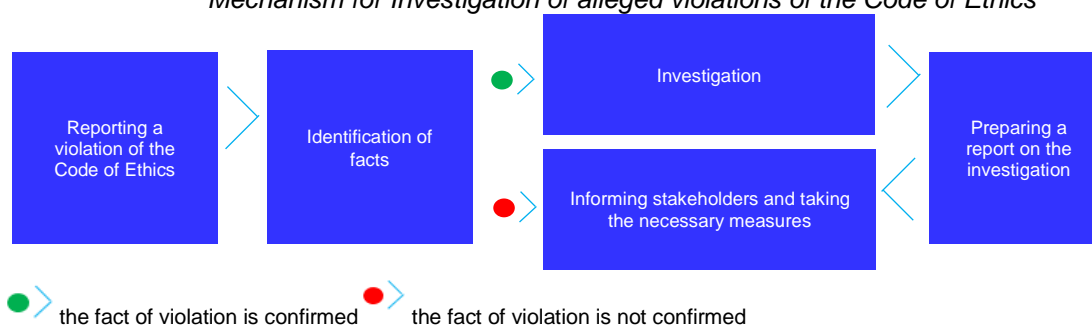
The company has implemented the Anti-Corruption Management System in accordance with the International Standard ISO 37001:2016. Despite the fact that the implementation of the management system in itself does not eliminate the risks of corruption situations, this indicates the company's desire to effectively and efficiently manage the risks in the field of corruption and bribery, allocate resources for this and increase the competence and awareness of its personnel.

The company has several channels of communication that can be used to report violations of the Code of Ethics, the Anti-Corruption Regulation or any other code of conduct observed within the company:

- through the company web-site: <https://www.el5-energo.ru/> ("Contact us" button);
- email: audit.coe@el5-energo.ru ;
- mail: 115093, Moscow, 7 Pavlovskaya st., building 1, Internal Audit Department of PJSC EL5-Energo.

The Internal Audit Department of PJSC EL5-Energo is responsible for investigating such communications and alleged violations of the Code of Ethics. The results of the investigations, as well as the list of corrective actions to be taken, are reported to the Audit and Corporate Governance Committee of the Board of Directors. In turn, the Committee evaluates the need to inform the Board of Directors about the most important cases.

Mechanism for Investigation of alleged violations of the Code of Ethics



Over the past five years, 13 hotline calls there have been registered. Three of them were in 2022. Every case was investigated.

Subsidiary management

Information about controlled companies

Name	Location	Activity	Share of participation in the authorized capital, %
<i>Controlled entities that are of significant importance to the company</i>			

Name	Location	Activity	Share of participation in the authorized capital, %
LLC Azov WPS	Rostov Region, Azovsky District, Margaritovskoye rural settlement, Port-Katon village,	Generation of electric power from renewable energy sources	100
LLC Kola WPS	Murmansk Region, Murmansk	Generation of electric power from renewable energy sources	100
<i>Other controlled companies</i>			
LLC Stavropol WPS	Stavropol Territory, Kochubeyevskiy District, Kochubeyevskoe settlement	Generation of electric power from renewable energy sources	100
LLC EL5 Finance	Tver Region, Konakovo	Electricity generation by thermal power plants	100
JSC «Teploprogress»	Sverdlovsk Region, Sredneuralsk	Activity to ensure the operability of heating networks	60

[Charter](#)

The Company manages controlled companies through the following mechanisms:

- presence of Company representatives in the management bodies of controlled companies. In addition, the Company Board of Directors issues recommendations to the Company's representatives regarding participation and the procedure for voting on items on the agenda of general shareholders' (participants') meetings in controlled companies;
- synchronization of provisions of the charters, main internal documents of the Company and controlled companies;
- coordination of financial, investment, personnel activities of controlled entities;
- communication between the Company and controlled companies, including discussion of the information disclosure issues.

The General Director of the Company reports to the Board of Directors on the activities of LLC Azov WPS and LLC Kola WPS on a regular basis.

Company securities

Shares

In 2022, the Company's authorized capital did not change, being 35,371,898,370 rubles. The authorized capital is divided into 35 371 898 370 ordinary shares with a par value of 1 ruble each. For the whole period of activity upon the state registration of the Company on October 27, 2004 and until December 31, 2022, the Company has not issued preferred shares.

The Company shares are included in the First Level of the list of securities (highest level) accepted for trading on PJSC Moscow Exchange (MOEX).

Issue history

	Main issue	Additional issue	Additional issue	Additional issue	Additional issue	Additional issue
State registration number of issue	1-01-50077-A	1-01-50077-A-001D	1-01-50077-A-002D	1-01-50077-A-003D	1-01-50077-A-004D	1-01-50077-A-005D
Date of the issue state registration	24.12.2004	16.03.2006	16.03.2006	28.09.2006	07.08.2007	07.08.2007
Shares placed	29,407,170,459	4,105,388,231	69	5,100,000,000	600,000	400,000
Shares actually placed	29,407,170,459	864,514,976	69	5,100,000,000	168,061	44,805
Method of placement	Acquisition of shares by the sole founder of the joint stock company	Conversion of ordinary registered shares of «Konakovskaya GRES» OJSC being affiliated with «OGK-5» OJSC, into additional ordinary shares of «OGK-5» OJSC	Conversion of ordinary registered shares of «Nevinnomysskaya Power Plant OJSC» being affiliated with «OGK-5» OJSC, into additional ordinary shares of «OGK-5» OJSC	Public subscription (IPO)	Conversion of ordinary registered shares of «OGK-5 Holding» OJSC into additional ordinary registered shares of «OGK-5» OJSC. The shares are placed when spinning off «OGK-5» Holding OJSC from RAO «UES of Russia» OJSC together with affiliation of «OGK-5 Holding» OJSC with «OGK-5» OJSC	Conversion of preferred registered uncertificated shares of «OGK-5 Holding» OJSC into additional ordinary registered shares of «OGK-5» OJSC. The shares are placed when spinning off «OGK-5 Holding» OJSC from RAO «UES of Russia» OJSC together with affiliation of «OGK-5 Holding» OJSC with «OGK-5» OJSC
Start date	27.10.2004	01.04.2006	01.04.2006	01.11.2006	03.09.2007	03.09.2007
End date	27.10.2004	01.04.2006	01.04.2006	10.11.2006	03.09.2007	03.09.2007
Date of state registration of the report on the results of issue / date of sending notification on the results of issue	24.12.2004	27.04.2006	27.04.2006	13.11.2006	11.10.2007	11.10.2007
Date of cancellation of the individual number (code) of the additional issue	–	22.08.2006	17.08.2006	20.02.2007	15.01.2008	15.01.2008
Name of the registering body	Federal Financial Markets Service of Russia					

Stock exchange information about the company's shares

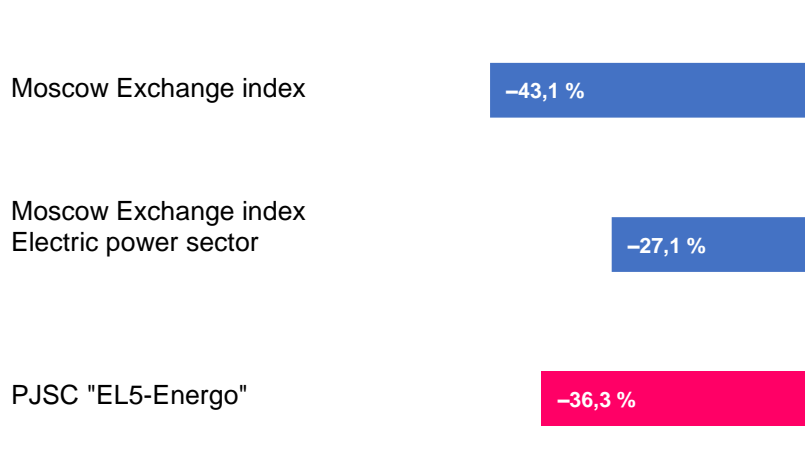
Shares of PJSC "EL5-Energo" are included in the First level of the list of securities (the highest level) admitted to trading on the Moscow Exchange (MOEX).

Number of ordinary shares, pcs.	35 371 898 370
Par value of the share, rub.	1
ISIN	RU000A0F5UN3
Trading platform	MOEX
Start of trading	September 2005
Quotation list	First level
Stock code (ticker)	ENRU ³⁹

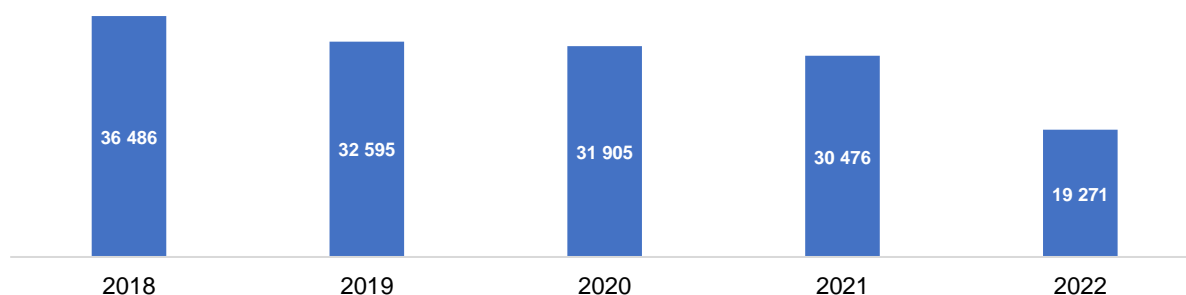
Free float of shares as of December 31, 2022 was 31% according to the methodology of PJSC Moscow Exchange

The company's shares are included in the calculation base of the Moscow Exchange Electric Power Sector Index (MOEX EU) with a weight of 3.47 percent as of December 31, 2022.

Dynamics of the market and shares of PJSC "EL5-Energo" in 2022, percentage variation compared to 2021



Capitalization of PJSC "EL5-Energo", million rubles



Stock trading results in 2017–2022

Indicator	2018	2019	2020	2021	2022
Minimum closing price, rub.	1.005	0.866	0.73	0.7722	0.3382

³⁹ On March 15, 2023, the ticker changed from ENRU to ELFV

Maximum closing price, rub.	1.685	1.177	1.1355	0.949	0.8776
Market price as of 31.12, rub.	1.032	0.922	0.9	0.8616	0.5486
Capitalization, million rubles	36 486	32 595	31 905	30 476	19 271
Average daily trading volume, rub.	26 264 436	30 658 996	63 915 607	59 256 689	37 173 186

The dynamics of both the various indices of the Moscow Exchange and the shares of PJSC "EL5-Energo" during 2022 was significantly influenced by geopolitical and macroeconomic factors, which led to a noticeable decrease in the value of assets, as well as increased market volatility.

At the end of the year, the Moscow Exchange index fell by more than 43 percent year-to-year under the pressure of both global and local trends, such as escalation of geopolitical tensions, the introduction of sanctions and other restrictions, as well as an increase in the cost of capital. The average daily trading volume decreased by 41 percent, from 117.6 billion rubles to 69.5 billion rubles, primarily due to the reduced activity of non-residents.

The dynamics of the Russian stock market after a sharp drop and strong volatility in February 2022 was generally at a fairly stable level. The recovery of the fundamental value of companies was held back by rising inflation and interest rates, as well as a decline in global stock exchanges, primarily in the technology sector. The index was supported in the second half of the year by the systematic reduction of the key interest rate by the Bank of Russia, high prices for energy resources and other exported goods, as well as record dividends from a number of highly profitable companies. During 2022, stocks of sectors focused on the domestic market, such as retail, communications, and the electric power industry, performed best of all on the Moscow Exchange.

The Moscow Exchange Electric Power Index demonstrated greater resilience to external factors compared to the main index, down 27 percent year-to-year. Stable demand and DAM prices allowed companies to move through 2022 with confidence. Most companies in the sector kept their dividend payments, which also supported the share price. In addition, shares of electricity companies are traditionally considered a so-called defensive asset, which is in demand during periods of high volatility and uncertainty. Finally, the orientation of the industry towards the domestic market and the relatively low dependence of the industry on imports had a positive effect.

The share price of PJSC "EL5-Energo" decreased in 2022 by slightly more than 36 percent compared to the end of 2021, which is somewhat better than the main index, but worse than the electric power sector index. The negative dynamics during the first three quarters of 2022 was caused by delays in the commissioning of the Kolskaya WPP, uncertainty with the future shareholder structure, as well as the lack of dividend payments in addition to general market trends. At the same time, in the fourth quarter, there was some recovery in the value of shares under the influence of the launch of the first stage of the Kolsakaya WPP, as well as news about the approval of the sale of the company to Russian shareholders (PJSC "LUKOIL").

Shareholders

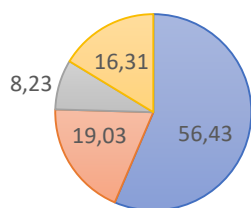
Number of persons registered in the Company's register of shareholders as of December 31, 2022 ⁴⁰	313,347
Number of persons included in the last compiled list of persons entitled to participate in the General Shareholders' Meeting (as of October 30, 2022)	407,012
Number of shares held by the company	None
Number of shares held by legal entities controlled by the Company	None

Changes in the composition of shareholders with a share of more than 5 percent of the authorized capital in 2018-2022⁴¹

⁴⁰ Without disclosing information about the owners of shares the rights to which are accounted for by nominee holders.

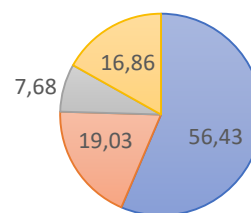
⁴¹ The data is based on information from the register of shareholders and notifications received by the Company in accordance with the Russian law. Prosperity Capital Management Limited is an entity that, together with other entities, is entitled to dispose of a certain number of votes attributable to voting shares constituting the authorized capital of the issuer.

On 31.12.2018



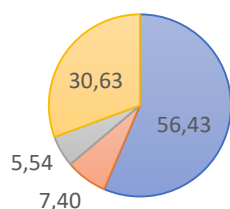
■ Enel S.p.A.
 ■ PFR Partners Fund I Limited
 ■ Prosperity Capital Management Limited
 ■ Other persons/entities

On 31.12.2019



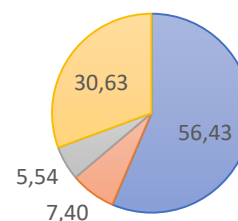
■ Enel S.p.A.
 ■ PFR Partners Fund I Limited
 ■ Prosperity Capital Management Limited
 ■ Other persons/entities

On 31.12.2020



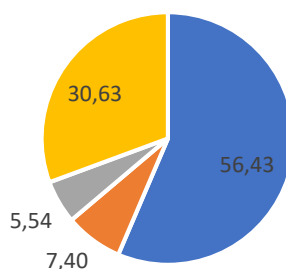
■ Enel S.p.A.
 ■ PFR Partners Fund I Limited
 ■ ООО "РФПИ Управление инвестициями-8"
 ■ Other persons/entities

On 31.12.2021



■ Enel S.p.A.
 ■ UROC LIMITED
 ■ RDIF Investment Management-8 LLC
 ■ Other persons/entities

On 31.12.2022



■ PJSC "LUKOIL"
 ■ UROC LIMITED
 ■ PIIT-7 LLC
 ■ Other persons/entities

The Company has no data on existence of shares holdings exceeding 5 percent, in addition to already disclosed⁴².

The Financial Department of the Orenburg Regional Administration owns 0.00000012 percent of the Company's authorized capital.

The Company shareholders may enter into shareholder agreements including those providing for acquisition of a degree of control by any shareholder disproportionate to their participation. The Company has no information on shareholder agreements relevant in 2022.

⁴² In April 2023, the share of PJSC «LUKOIL» increased to 56.44%

Dividends

The decision on dividend payment is taken at the General Shareholders' Meeting based on recommendations of the company Board of Directors.

Dividend Policy Regulation

Principles on which the company's Board of Directors will base its recommendations regarding the payment of dividends

Transparency of the mechanism for determining the amount of dividends

Balance of short-term (payment of dividends) and long-term (capitalization growth) interests of shareholders

Compliance with acceptable levels of the net leverage indicator and profit indicator before deduction of interest, taxes, depreciation and amortization for the company

Focus on maintaining the financial stability of the Company and improving its financial and economic indicators

Striving to increase the amount of dividends in the long term

Focus on increasing the investment attractiveness of the Company

The amount of dividend payments may be influenced by various factors affecting the Company's cash flow in the context of the implementation of the Company's investment program aimed at the future growth of its financial performance.

In accordance with the strategic plan for 2023-2025 approved by the Board of Directors, it was decided to recommend to the annual General Shareholders' Meeting of PJSC «EL5-Energo» not to pay dividends based on the results of 2022. Due to the high debt load that poses significant risks to the Company's financial stability and limits its development potential and investment attractiveness the Board of Directors has determined the reduction of the debt burden as a priority task of the financial policy. According to the approved Business Plan, as well as the five-year plan for the period up to 2027, the entire free cash flow of the Company is committed to debt reduction.

Due to the change in the priorities of the financial policy, the Board of Directors decided to refrain from making recommendations to the General Shareholders' Meeting of the Company regarding the payment of dividends until the optimal level of leverage is reached.

Information about dividends accrued and paid for 2018-2022

Dividend payment reporting period	For financial year 2017	Following the results of 2018	According to the results of 2019 from the financial profits of previous years	Following the results of 2020	Following the results of 2021
Date of the decision to pay dividends adopted by the General Shareholders' Meeting of the Company	04.06.2018	18.06.2019	19.06.2020	09.06.2021 General Shareholders' Meeting decided not to pay dividends on the Company's ordinary shares for 2020	07.06.2022 General Shareholders' Meeting decided not to pay dividends on the Company's ordinary shares for 2021
Class, type, category of shares	Registered ordinary	Registered ordinary	Registered ordinary		
Date when the persons entitled to receive dividends are determined	22.06.2018	08.07.2019	09.07.2020		

Total amount of accrued dividends, mln rubles	5,127	5,004	3,007		
Total amount of paid dividends*, mln rubles	5,105	4,982	2,993		
Amount of dividends per one share, rubles	0,14493	0,141471	0,085		
Date of dividends payment	27.07.2018	12.08.2019	13.08.2020		

The reasons for the dividends being paid not in full are represented by lack of current details for payment not provided by registered persons as well as return of outstanding dividends by nominee shareholders.

Depository Receipts

Upon authorization by the Federal Financial Markets Service of Russia for circulation of the Company's ordinary shares outside the Russian Federation in the amount of not more than 7,074,537,100 shares in August 2007, a program is opened for global depository receipts (GDR) issue for ordinary shares of the Company. The ratio of the GDRs to ordinary shares of the Company was 1:50.

In 2022, following the requirements of the law of the Russian Federation, the Company terminated the depository agreement with The Bank of New York Mellon. In 2022, the shares accounted for in the Company's depository program depo accounts did not provide voting rights and were not taken into account when counting votes at the General Shareholders' Meetings.

Stock Exchange Bonds

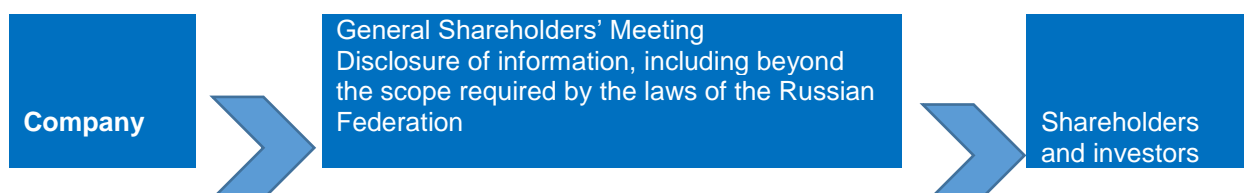
During 2022, the Company's exchange-traded bonds were listed at the Second Level of PJSC Moscow Exchange. In accordance with the terms of the issue, the bonds of series 001P-02R were redeemed in December 2022, with the obligations under the bonds completely fulfilled.

Exchange documentary interest-bearing inconvertible bonds to bearer held in collective safe custody	
Series	001P-02R
Identification number of the issue	4B02-02-50077-A-001P
Date of the identification number assignment	29.03.2019
International Securities Identification Number (ISIN)	RU000A100824
Number of securities issued	2,000,000
Issue amount, rubles	2,000,000,000
Coupon rate	8.6%
Placement date	02.04.2019
Circulation period, days	1,352
Coupon period, days	169
Method of placement	Public subscription
Maturity	14.12.2022

Interaction with the Shareholders and Investors

The Company is actively working on interaction with stock market participants and maintaining the scope and quality of information disclosure. The Company's representatives are in on-going dialogue with analysts of investment banks and hold regular phone conversations and meetings with investors.

Key instruments for interaction with shareholders and investors



Online placement of special information for the investment community
 Conference calls with stakeholders of the investment community
 Forms for feedback from the Chairperson of the Board of Directors and the Senior Independent Director and answers to the most frequently asked questions on the Company website

Regulation on the Information Policy	Regulation on insider information	List of insider information
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The procedure for interaction with shareholders, investors and media representatives is defined by the Regulation on the Information Policy. Following the best national practices, it provides for an extended list of information disclosed by the company and defines the procedure for shareholders to access information about entities controlled by the company.

The new edition of the Regulation on the Information Policy approved in December 2022 enshrines the right of the Company to disclose (provide) information in a limited scope and (or) volume or totally refuse to disclose (provide) the said information in cases stipulated by the law.

Noteworthy, in the reporting year, the Company strived to maintain the maximum transparency and rarely resorted to limitation of the scope and (or) volume of information disclosure or refused to disclose. The high extent of information disclosure can be confirmed by the fact that the Company entered the top 20 companies included in the RUCGI list⁴³, according to the study "National Corporate Governance Rating: information disclosure 2022", and the Annual Report and Sustainability Report received a number of awards (see details in the Our Awards section of the present Annual Report).

Information is disclosed on the Company website, in e-disclosure.ru news feed, on website <https://fedresurs.ru>, as well as in other ways provided for by the Regulation on the Information Policy of the Company. In 2022, the Company changed its website address to <https://www.el5-energo.ru/>.

Corporate website	e-disclosure.ru news feed ⁴⁴
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Principles of information disclosure



In order to avoid non-disclosure / untimely disclosure of information, relevant reminders are sent to the units involved in the information disclosure process, with verbal explanations provided when necessary.

Despite the volatility of the Russian stock market, the exit of a number of foreign investors, as well as the appearance of various opportunities for a significant reduction in the scope of published information, PJSC «EL5-Energo» made every effort to maintain the transparency of the public history and investment attractiveness of the Company, including through ongoing activities in investor relations:

- disclosure of financial statements, annual and quarterly financial results;
- update of the financial outlook for 2022 with the key operational and financial targets;
- direct meetings with investors, brokers and analysts;

⁴³ The National Corporate Governance Index is an official exchange indicator.

⁴⁴ Disclosure in the news feed is carried out only in Russian.

- written communication and answers to questions asked by investors and analysts.

Due to the high uncertainty of the stock market during 2022, the number of events held with investors, both institutional and retail ones, significantly decreased. In addition, the coverage by the analytical community has fallen: during the year, five of the six leading brokers and investment banks stopped giving estimates on the Company's shares due to the exit from the market or termination of analytical activities.

Key IR-activities conducted in 2022

Q1 2022	Q2 2022	Q3 2022	Q4 2022
Publishing of operating results for 2021	Publication of financial results (IFRS) for Q1 2022	Publication of financial results (IFRS) for Q2 2022	Publication of financial results (IFRS) for Q3 2022
Publication of financial results (IFRS) for 2021			
Presentation of the financial forecast for 2022			

Annexes

Annex 1. Financial statements and auditor's report

Evaluation

by the Audit and Corporate Governance Committee of the Board of Directors of PJSC «EL5-Energo» of the Auditor's reports on consolidated financial and accounting (financial) statements of PJSC «EL5-Energo» prepared based on 2022 business activity results.

Pursuant to p. 177 of the Code of Corporate Governance recommended by Central Bank of the Russian Federation (Letter of the Central Bank dated 10.04.2014 No. 06-52/2463), the Audit and Corporate Governance Committee of the Board of Directors shall provide evaluation of the Auditor's reports on consolidated financial statements prepared in accordance with International Financial Reporting Standards (hereinafter – «IFRS») and on accounting (financial) statements prepared in accordance with Russian Accounting Standards (hereinafter – «RAS») – to be further submitted as materials to the Annual General Shareholders' Meeting of the Company.

JSC «KEPT», located at Presnenskaya Naberezhnaya, 10, Block C, Naberezhnaya Tower Complex, Moscow, 123112, Russia, was appointed as the Auditor of PJSC «EL5-Energo» to provide audit and issue Auditor's reports to express an opinion on consolidated financial statements prepared in accordance with IFRS and on accounting (financial) statements prepared in accordance with RAS. JSC «KEPT» is a member of the Self-regulatory organization of auditors «Sodruzhestvo» (Association).

Based on the results of compulsory audit of consolidated financial and accounting (financial) reporting of PJSC «EL5-Energo» for 2022, JSC «KEPT» drew up the Auditor's reports.

Upon examining the Auditor's reports issued by JSC «KEPT», the Audit and Corporate Governance Committee of the Board of Directors of PJSC «EL5-Energo» has resolved:

1. The audit was conducted in compliance with the terms and conditions of the contract concluded between JSC «KEPT» and PJSC «EL5-Energo», in adherence to the agreed schedule and audit procedures.

2. The Auditor's reports presented are in compliance with the requirements of the Federal Law «On audit activities» No. 307-FZ dated 30.12.2008; International Standards of Auditing approved by the RF Government Decree No. 576 dated 11.06.2015; internal regulations (standards) of audit activities of the Self-regulatory organization of auditors.

3. To note that JSC «KEPT» issued the unqualified opinion which contains the positive notion that:
- the consolidated financial statements of PJSC «EL5-Energo» reflect fairly and in all material

aspects the consolidated financial standing of PJSC «EL5-Energo» and its subsidiaries as of December 31, 2022, as well as their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS);

- the accounting (financial) statements of PJSC «EL5-Energo» reflect fairly and in all material aspects the financial standing of PJSC «EL5-Energo» as of December 31, 2022, as well as its financial performance and its cash flows for the year then ended in accordance with Russian Accounting Standards (RAS).

Annex 2. Report on the company's compliance with the principles and recommendations of the Corporate Governance Code

This report on compliance with the principles and recommendations of the Corporate Governance Code was reviewed by the Board of Directors of Public Joint Stock Company «EL5-Energo» (hereinafter referred to as PJSC «EL5-Energo or the company») at a meeting of the Board of Directors on April 15 2023, Minutes No. 08/23 dated April 16, 2023.

The Board of Directors confirms that the data contained in this Report contain complete and reliable information on compliance with the principles and recommendations of the Corporate Governance Code by the company for 2022.

Compliance with the corporate governance principles set forth in the Corporate Governance Code was assessed by the company in accordance with the methodology stated in Bank of Russia Letter No. IH-06-28/102 dd. 27.12.2021.

In 2022, the company's compliance rate with the Code's recommendations was 89%. Of the 79 principles of the Corporate Governance Code, the company complies with 70 principles, partially complies with 7 principles, and 2 principles are not complied with.

The decrease in the level of compliance compared to 2021 is due to the fact that the Company did not conduct a quality evaluation of the Board of Directors in 2022, as well as to the Company's decision not to disclose or disclose limited information in accordance with Russian Government Decree No. 351 of 12 March 2022 on "Specifics of Information Disclosure and Presentation in 2022 Subject to Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" and peculiarities of insider information disclosure in accordance with the requirements of the Federal Law "On Prevention of Illegal Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts. During the reported period the Company had three different Boards of Directors (Board composition 1 from 1 January 2022 to 7 June 2022, Board composition 2 from 7 June 2022 to 25 November 2022, and Board composition 3 from 25 November 2022 to 31 December 2022), therefore, due to objective reasons it was impossible to make a thorough and quality evaluation.

A brief description of the most significant aspects of the model and corporate governance practice in the company is contained in the annual report's sections "Corporate Governance" and "Risk Management".

Information about which principles are not complied with or are fully complied, with a brief description of which part they are not complied with or partially complied, is contained in the table below.

№	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments and explanations of deviations from the criteria for assessing compliance with the corporate governance principle
1	2	3	4	5
1.1	The Company shall ensure equal and fair treatment of all shareholders when exercising their right to participate in the management of the company			
1.1.1	The Company creates the most favorable conditions for shareholders to participate in the general meeting, conditions for developing a reasoned stance on the items on the agenda of the general meeting, coordinating their actions, as well as the opportunity to express their opinion on the items under consideration	1. The Company provides accessible means of communication with the company, such as a hotline, e-mail or an Internet forum, allowing shareholders to express their opinions and send questions regarding the agenda in preparation for the general meeting. These means of communication were organized by the company and provided to shareholders during the preparation for each general meeting held during the reporting period	Complied	Continues to be complied with. During the General Shareholders' Meeting in 2022, the company provided shareholders with the number of the company's business account in the WhatsApp text messaging system (hereinafter – WhatsApp), a special form on the company's website, and when holding the annual and repeated extraordinary Shareholders' General Meetings also the email address with which shareholders could express their opinion and send questions regarding the agenda of the General Shareholders' Meeting. The company's employees answered questions related to the General Shareholders' Meeting.
1.1.2	Procedure for notifying on holding the General Meeting and providing materials for the General Meeting gives	1. In the reporting period, the notice of the General Shareholders' Meeting was posted (published) on the	Partially complied	The principle is partially complied with. Deterioration compared to the previous period.

№	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments and explanations of deviations from the criteria for assessing compliance with the corporate governance principle
1	2	3	4	5
	shareholders the opportunity to properly prepare for participation in it	<p>company's website on the Internet no later than 30 days before the date of the General Meeting, unless the laws provide for a longer period.</p> <p>2. The notice of the meeting specifies the documents required for admission to the premises.</p> <p>3. Shareholders were provided with access to information about who proposed the agenda items and who nominated candidates to the Board of Directors and the Internal Audit Commission of the company (if its formation is provided for by the Articles of Association of the company)</p>		<p>Point 1 of the principle 1.1.2 is complied with. In accordance with Article 11.8 of the Charter of PJSC «EL5-Energo», the notice of the General Shareholders' Meeting of the company shall be published on the Company's website at least 21 days before its holding, but in fact the company publishes this notice no later than 30 days before the General Shareholders' Meeting.</p> <p>Point 2 of the principle 1.1.2 is partially complied with. Until 2020, the company specified in the notice of the General Shareholders' Meeting the documents necessary for access to the premises in which the meeting is held. In 2020-2022 the notice of the meeting did not specify the place and time of holding the General Shareholders' Meeting, since the General Shareholders' Meeting (annual, extraordinary and repeated extraordinary) was called in absentia on the basis of article 3 of Federal Law No. 25-Ø3 dated 25.02.2022, which allows the Board of Directors to decide on the form of the absentee voting for a General Meeting of Shareholders with the following agenda: election of the Board of Directors, approval of the company's auditor, approval of the annual report, and approval of the annual accounting (financial) statements. At the time of the decision to convene the General Shareholders' Meeting in most towns/cities namely in Moscow, Yekaterinburg, Konakovo, Sredneuralsk and Asbest where under Article 10.11 of the Company's Charter a meeting was to be held, for citizens over the age of 65 years, as well as citizens with chronic diseases, there was valid a recommendation not to leave the place of residence (stay) (Decree of the Mayor of Moscow No. 68-YM dated 08.06.2020, Decree of the Governor of the Sverdlovsk Region No. 100-YT dated 18.03.2020, Resolution of the Governor of Tver Region No. 16-nr dated 16.03.2020). In Nevinnomyssk such recommendations were abolished in 2022, but the information for citizens over 60 about the need to restrict visits to public gathering places was still available (Stavropol Territory Governor's Resolution No. 101 of 16.03.2020). Considering that more than 300 people personally participated in the General Shareholders' Meetings of previous years, a significant part of whom are over 65 years old, the company considered it appropriate to change the form of the annual General Shareholders' Meetings from in person to in absentia.</p> <p>Point 3 of the principle 1.1.2 is not complied with, as the information who had nominated the candidates to the company's Board of Directors was not specified in the materials of the Extraordinary General Meeting of Shareholders and the repeated Extraordinary General Meeting of Shareholders in 2022. This was done to avoid the levying of restrictive measures against certain individuals.</p>
1.1.3	During the preparation and holding of the general meeting, shareholders had the opportunity to freely and timely receive information about the meeting and materials for it, ask questions to the executive bodies and members of the Board of Directors of the company, communicate with each other	<p>1. During the reporting period, shareholders were given the opportunity to ask questions to members of the executive bodies and members of the Board of Directors of the company during the preparation for the meeting and during the General Meeting.</p> <p>2. The stance of the Board of Directors (including special opinions included in the minutes (if any) on each item on the agenda of the general meetings held during the reporting period was included in the materials for the General Meeting.</p>	Complied	<p>The principle is complied with. Improvement compared to the previous period.</p> <p>In preparation for the annual General Shareholders' Meeting in 2022, shareholders were given the opportunity to receive answers to their questions by sending them to the WhatsApp number specified in the message about the meeting as well as using a special form on the company's website. During the annual and repeated extraordinary General Meetings of Shareholders Questions could also be asked by sending them to a special e-mail address.</p> <p>The shareholders could express their opinion and ask questions to the members of the Board of Directors, members of the Executive Board,</p>

№	Corporate governance principles	Criteria for assessing compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Comments and explanations of deviations from the criteria for assessing compliance with the corporate governance principle
1	2	3	4	5
		<p>3. The Company provided the shareholders entitled to this an access to the list of persons entitled to participate in the General Meeting, starting from the date of its receipt by the company in all cases of holding general meetings in the reporting period</p>		<p>General Director, key managers, Head of Accounting and Taxation - Head Accountant, Company Auditor and Board of Directors candidates.</p> <p>The company's employees answered the phone calls and messages related to the meetings.</p> <p>Subclause 2 of principle 1.1.3. is partially observed, since in the materials of the annual General Shareholders' Meeting in 2021, the stance of the Board of Directors on each item on the agenda of the General Shareholders' Meeting was reflected without including a special opinion of the members of the Board of Directors. A few days before the annual General Shareholders' Meeting the company's website posted videos with speeches on each item on the agenda, as well as an address by the Chairman of the Board of Directors.</p> <p>The opinion of the Board of Directors on each item on the agenda of the General Meeting of Shareholders was reflected in the materials for the relevant meeting.</p> <p>The Company provided shareholders entitled to do so with access to the list of persons entitled to participate in the General Shareholders' Meeting, starting from the date of receipt of such a list.</p>
1.1.4	<p>The exercise of the shareholder's right to demand the convocation of the General Meeting, nominate candidates for management bodies and make proposals for inclusion in the agenda of the General Meeting was not associated with unjustified difficulties</p>	<p>1. The Company's Articles of Association sets a deadline for shareholders to submit proposals for inclusion in the agenda of the annual General Meeting that is at least 60 days after the end of the corresponding calendar year.</p> <p>2. During the reporting period, the company did not refuse to accept proposals for the agenda or candidates for the company's bodies due to typos and other insignificant shortcomings in the shareholder's proposal.</p>	Complied	<p>Continues to be complied with.</p> <p>Clause 13.1 of the Charter of PJSC «EL5-Energo» sets the deadline for shareholders to submit proposals on the agenda of the annual General Shareholders Meeting - no later than 60 days after the end of the reporting year.</p> <p>If there are significant shortcomings in the shareholder's proposal, the company immediately informs the shareholder about them in order to provide it with the opportunity to correct them. In the reporting period, there were no refusals on the part of the company to accept proposals for the agenda or candidates for the Board of Directors for the specified reasons.</p>
1.1.5	<p>Each shareholder had the opportunity to freely exercise the right to vote in the simplest and most convenient way for it</p>	<p>1. The Articles of Association of the company provides for the possibility of filling in the electronic form of the bulletin on the website on the Internet, the address of which is specified in the notice of the General Shareholders' Meeting</p>	Complied	<p>Continues to be complied with.</p> <p>Clause 11.11 of the Charter of PJSC «EL5-Energo» provides for the possibility of filling in an electronic form of the ballot on the Internet site determined by the Board of Directors and specified in the notice of the General Shareholders' Meeting.</p> <p>Since 2020, the company has provided shareholders with the possibility of electronic voting that could be used through the "Shareholder's Personal Account" service on the website of the registrar of JSC "IRC - R.O.S.T." – https://lk.rrost.ru/ or by using a special mobile application.</p>
1.1.6	<p>The procedure established by the company for conducting the General Meeting provides an equal opportunity for all persons present at the meeting to express their opinions and ask questions of interest to them</p>	<p>1. When General Shareholders' Meetings were held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on items on the agenda and time for discussion of these items, shareholders were given the opportunity to express their opinions and ask questions on the agenda that interested them.</p> <p>2. The Company invited candidates to the management and control bodies of the company and took all necessary measures to ensure their participation in the General Shareholders' Meeting at which their candidacies were put to the vote. Candidates</p>	Complied	<p>Continues to be complied with.</p> <p>Based on the decision of the Company's Board of Directors (Minutes No. 08/22 dated 28.04.2022, Minutes No. 12/22 dated 08.07.2022, Minutes No. 16/22 dated 18.10.2022), adopted in accordance with Article 2 of Federal Law No. 17-FZ dated 24.02.2021, the annual General Meetings of the Company's Shareholders were held in the form of absentee voting. The shareholders could ask questions via e-mail (during the annual and repeated extraordinary General Meetings of Shareholders), sending messages to the number of the company's business account in WhatsApp, which were indicated in the message about the meeting, as well as using a special form posted on the company's website.</p>

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		<p>for the management and control bodies of the company who attended the General Shareholders' Meeting were available to answer questions from shareholders.</p> <p>3. The sole executive body, the person responsible for accounting, the chairman or other members of the Audit Committee of the Board of Directors were available to answer shareholders' questions at the General Shareholders' Meetings held during the reporting period.</p> <p>4. In the reporting period, the company used telecommunications facilities to provide remote access for shareholders to participate in general meetings, or the Board of Directors made a reasoned decision that there was no need (possibility) to use such facilities in the reporting period</p>		<p>Shareholders could address questions to the candidates for members of the Board of Directors, members of the Board of Directors (including the Chairmen and other members of the Committees of the Board of Directors), members of the Executive Board, General Director, key managers, Head of Accounting and Tax Accounting - Chief Accountant, Auditor of the Company.</p> <p>The measures of additional informing of the shareholders on the items on the agenda were taken by the company's management as per the request by the Board of Directors.</p> <p>The company's shareholders could also use the electronic voting system by filling in the electronic ballot form on the website of the registrar of JSC «IRC-R.O.S.T.» – https://lk.rrost.ru/.</p>
1.2	Shareholders are given an equal and fair opportunity to participate in the company's profits by receiving dividends			
1.2.1	The Company has developed and implemented a transparent and understandable mechanism for determining the amount of dividends and their payment	<p>1. The company's Dividend Policy Regulation was approved by the Board of Directors and disclosed on the company's website on the Internet.</p> <p>2. If the dividend policy of the company composing the consolidated financial statements uses the company's reporting indicators to determine the amount of dividends, the relevant provisions of the dividend policy take into account the consolidated financial statements.</p> <p>3. The justification of the proposed distribution of net profit, including for the payment of dividends and the company's own needs, and an assessment of its compliance with the company's dividend policy, with explanations and economic justification of the need to direct a certain part of net profit to its own needs in the reporting period were included in the materials for the General Shareholders' Meeting, the agenda of which includes the item of profit distribution (including the payment (declaration) of dividends)</p>	Complied	<p>Continues to be complied with. Improvement compared to the previous period.</p> <p>The Company's Board of Directors approved the Dividend Policy Regulations (Minutes No. 12/21 dated 30.09.2021) published on the company's website.</p> <p>The company's dividend policy does not use the company's reporting indicators to determine the amount of dividends, therefore, the Dividend Policy Regulations do not contain provisions on the consolidated financial reporting indicators.</p> <p>In 2022, the justification for the distribution of the company's profit based on the results of 2021 was included in the materials for the annual General Meeting of Shareholders.</p>
1.2.2	The Company does not make a decision to pay dividends if such a decision, without formally violating the restrictions established by law, is economically unjustified and may lead to the formation of false ideas about the company's activities	1. The Company's Dividend Policy Regulation, in addition to the restrictions established by law, defines financial/economic circumstances under which the company should not make a decision on the payment of dividends	Complied	Continues to be complied with. Clause 2.1. of the Dividend Policy Regulations approved by the Board of Directors (Minutes No. 12/21 dated 30.09.2021) defines the financial/economic circumstances under which the company should not decide on the payment of dividends.
1.2.3	The Company does not allow deterioration of the dividend rights of existing shareholders	1. In the reporting period, the company did not take any actions leading to deterioration of the current shareholders' dividend rights	Complied	Continues to be complied with. PJSC «EL5-Energo» did not take any actions leading to deterioration of the shareholders' dividend rights in the reporting year.
1.2.4	The Company strives to exclude the use by shareholders of other ways of obtaining profit (income) at the expense of the company, in addition to dividends and liquidation value	1. In the reporting period, other ways for persons controlling the company to receive profit (income) at the expense of the company in addition to dividends (for example, through transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans replacing dividends to the controlling person and (or) its controlled persons) were not used	Complied	Continues to be complied with. In the reporting period, the company did not use any methods for the persons controlling the company to receive profit (income) at the company's expense in addition to the dividends.
1.3	System and practice of corporate governance ensure equality of conditions for all shareholders - owners of shares of the same category (type), including minority (small) shareholders and foreign shareholders, and equal treatment by the company			

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1.3.1	The Company has created conditions for fair treatment of each shareholder by the management bodies and controlling persons of the company, including conditions ensuring the inadmissibility of abuse by large shareholders in relation to minority shareholders	1. During the reporting period, the persons controlling the company did not abuse their rights in relation to the shareholders of the company, there were no conflicts between the controlling persons of the company and the shareholders of the company, and if there were any, the Board of Directors would pay them due attention	Complied	Continues to be complied with. During the reporting period, the person controlling the company did not allow any abuse of the rights in relation to the shareholders of the company, and there were no conflicts between the controlling person of the company and the shareholders.
1.3.2	The Company does not take actions that lead or may lead to an artificial redistribution of corporate control	1. Quasi-treasury shares are absent or did not participate in voting during the reporting period	Complied	Continues to be complied with. There were no quasi-treasury shares in the company in the reporting period.
1.4	Shareholders are provided with reliable and effective ways of accounting for the rights to shares, as well as the possibility of free and unencumbered alienation of their shares			
1.4	Shareholders are provided with reliable and effective ways of accounting for the rights to shares, as well as the possibility of free and unencumbered alienation of their shares	1. The technologies used by the registrar of the company and the conditions of the services provided meet the needs of the company and its shareholders, ensure that the rights to shares are taken into account and the rights of shareholders are exercised in the most effective way	Complied	Continues to be complied with. The registrar of the company JSC «IRC - R.O.S.T.» is the largest registrar in Russia that provides its customers with the widest range of advanced services.
2.1	The Board of Directors carries out strategic management of the company, determines the basic principles and approaches to the organization of the risk management and internal control system in the company, controls the activities of the executive bodies of the company, as well as implements other key functions			
2.1.1	The Board of Directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including in connection with improper performance of their duties. The Board of Directors also monitors that the company's executive bodies act in accordance with the approved development strategy and the main directions of the company's activities	1. The Board of Directors has the powers stipulated in the Articles of Association to appoint, dismiss from office and determine the terms of contracts with respect to members of executive bodies. 2. In the reporting period, the Nomination Committee (appointments, personnel) ⁴⁵ considered the issue of compliance of professional qualifications, skills and experience of members of executive bodies with the current and expected needs of the company dictated by the approved strategy of the company. 3. In the reporting period, the Board of Directors reviewed the report(s) of the sole executive body and the collegial executive body (if any) on the implementation of the company's strategy	Complied	Continues to be complied with. In accordance with the Charter of PJSC «EL5-Energo», the competence of the Board of Directors includes the appointment and early termination of the powers of the General Director of the company, determination of the quantitative composition, election and early termination of the powers of the members of the Executive Board. During the reporting period the Board of Directors considered the issues of compliance of the professional qualifications, skills and experience of the General Director and members of the Executive Board with the current and expected needs of the company dictated by the company's strategy, within the framework of the issues about the election to office (Minutes № 08/22 as of 28.04.2022, Minutes № 09/22 dated 29.04.2022, Minutes № 20/22 dated 09.12.2022), (Minutes No. 2/21 dated 25.02.2021, Minutes No. 5/21 dated 29.03.2021, Minutes No. 6/21 dated 23.04.2021), within the issues of setting key performance indicators, reports on closing key performance indicators (Minutes № 06/22 of 24.03.2022, Minutes № 07/22 of 08.04.2022, Minutes №17/22 of 27.10.2022, Minutes № 18/22 of 24.11.2022, Minutes № 21/22 of 27.12.2022). All issues were also previously considered by the HR and Remuneration Committee. In 2022 the Board of Directors regularly reviewed the reports of the company's General Director that, among other things, reflect the implementation of the business plan and the implementation of the strategy of PJSC «EL5-Energo».
2.1.2	The Board of Directors sets the main guidelines for the company's long-term activities, evaluates and approves the key performance indicators and the main business goals of the company, evaluates and approves the strategy and business	1. During the reporting period, the meetings of the Board of Directors considered issues related to the implementation and updating of the strategy, approval of the financial and economic plan (budget) of the	Complied	Continues to be complied with. During 2022 the Board of Directors considered the issues related to the implementation and updating of the company's strategy within the General Director's reports on the company's activities, as well as the issues related to the

⁴⁵ Hereinafter - the Nomination Committee

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	plans for the main activities of the company	company, as well as consideration of criteria and indicators (including interim ones) for the implementation of the strategy and business plans of the company		approval of the company's business plan for 2022-2024 and the company's budget for 2022.
2.1.3	The Board of Directors determines the principles and approaches to the organization of the risk management and internal control system in the company	<p>1. The principles and approaches to the organization of the risk management and internal control system in the company are defined by the Board of Directors and are recorded in the internal documents of the company defining the policy in risk management and internal control.</p> <p>2. In the reporting period, the Board of Directors approved (revised) the acceptable amount of risks (risk appetite) of the company or the audit committee and/or the risk committee (if any) considered the feasibility of submitting the issue of reviewing the company's risk appetite to the Board of Directors for consideration.</p>	Complied	<p>Continues to be complied with.</p> <p>The company has a number of internal documents defining the principles and approach to the organization of the risk management and internal control system:</p> <ul style="list-style-type: none"> - Policy in Risk Management and Internal Control defining the objectives, tasks, principles and methods of risk management in the company; - Regulation on the Internal Control System, defining the objectives and tasks of the internal control system; -The Regulation on the Risk Committee that defines the basic principles of work, including the tasks of the Risk Committee and its powers. <p>In 2022 the Board of Directors considered the organization of the risk management system, including acceptable risk values (risk appetite), of PJSC «EL5-Energo» and recognized it as effective during 2022.</p>
2.1.4	The Board of Directors determines the company's policy on remuneration and (or) reimbursement of expenses (compensation) to members of the Board of Directors, executive bodies of the company and other key executives of the company	<p>1. The company has developed, approved by the Board of Directors and implemented policy (policies) on remuneration and reimbursement of expenses (compensations) of members of the Board of Directors, executive bodies of the company and other key executives of the company.</p> <p>2. During the reporting period, the Board of Directors considered issues related to the specified policy(ies)</p>	Complied	<p>Continues to be complied with.</p> <p>The company has internal documents that regulate remuneration and reimbursement of expenses of members of the Board of Directors, executive bodies of the company and other key executives: Regulation on the payment of remuneration and compensation to members of the Board of Directors and Committees of the Board of Directors and Policy on remuneration and reimbursement of expenses (compensation) of members of the executive bodies and other key executives of the company.</p> <p>In 2022 the Board of Directors considered the issues related to these documents as part of the issue as part of the issues on consideration of the self-evaluation report of the Board of Directors for 2021 (Minutes No. 06/22 dated 03/24/2022) and on the action plan to improve the efficiency of its work (Minutes No. 10/22 dated 05/25/2022). The policy on remuneration and reimbursement of expenses (compensation) of members of the executive bodies and other key executives of the company was considered by the Board of Directors twice in 2022 (Minutes No. 06/22 dated 03/24/2022, Minutes No. 13/22 dated 07/28/2022).</p>
2.1.5	The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the company's bodies, the company's shareholders and the company's employees	<p>1. The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts.</p> <p>2. The Company has created a system for identifying transactions related to conflicts of interest and a system of measures aimed at resolving such conflicts</p>	Complied	<p>Continues to be complied with.</p> <p>Issues of conflicts of interest, material corporate actions and related party transactions, if they arise, are under the direct jurisdiction of the Board of Directors in accordance with the Company's Charter. The Regulation on the key role of the Board of Directors in resolving internal conflicts is included in the Company's Charter (clause 15.1) and in the Regulation on the procedure for convening and holding meetings of the Company's Board of Directors (clause 3.8). If the conflict at any stage of its development affects or may affect the Management Board or the General Director of the company, then it shall be referred to the Board of Directors for settlement. At the same time, members of the Board of Directors whose interests are affected or may be affected by the conflict should not participate in the work to resolve such a conflict. The company has a system of measures to identify transactions related to a conflict of interest. In particular, a member of the Board of Directors is obliged to notify the Board of Directors if he or she has a conflict of interest in</p>

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				relation to any item on the agenda of a meeting of the Board of Directors prior to the discussion of the relevant item on the agenda. A member of the Board of Directors shall refrain from voting on the agenda items in respect of which he has a conflict of interest. In addition, transactions are analyzed for potential conflicts of interest by Legal and Corporate Affairs Directorate. From 2017 to 2022 the Company had an effective Committee for Related Party Transactions to assist the Board of Directors in approving related party transactions.
2.1.6	The Board of Directors plays a key role in ensuring the company's transparency, timeliness and completeness of information disclosure by the company, and easy access of shareholders to the company's documents	1. The company's internal documents identify the persons responsible for the implementation of the information policy	Complied	Continues to be complied with. According to the Regulation on the Information Policy, the responsibilities for monitoring compliance with this Regulation are assigned to the Board of Directors (cl. 9.1 of the Regulation on the Information Policy).
2.1.7	The Board of Directors monitors corporate governance practices in the company and plays a key role in significant corporate events of the company	1. During the reporting period, the Board of Directors reviewed the results of self-assessment and (or) external assessment of corporate governance practices in the company	Complied	Continues to be complied with. The Board of Directors reviewed the report on corporate governance practices in November 2022 (Minutes №18/22 as of 24.11.2022).
2.2	The Board of Directors is accountable to the company's shareholders			
2.2.1	Information about the work of the Board of Directors is disclosed and provided to shareholders	1. The Company's annual report for the reporting period includes information on attendance of meetings of the Board of Directors and committees by each of the members of the Board of Directors. 2. The annual report contains information on the main results of the evaluation (self-evaluation) of the quality of the work of the Board of Directors conducted in the reporting period	Partially complied	Continues to be complied with. Deterioration compared to the previous period. Clause 1 of principle 2.2.1. is observed. In its annual report for 2022 the company discloses information on the number of meetings of the Board of Directors and its Committees held during the reporting year specifying the form of the meeting and information on the presence of members of the Board of Directors and Committees of the Board of Directors at meetings. Clause 2 of principle 2.2.1. is not complied with. The company's annual report for 2022 does not contain information on the assessment of the quality of the work of the company's Board of Directors, since it was not possible to conduct a full and high-quality assessment for some objective reasons. In 2022, there were three different compositions of the Board of Directors (composition 1 - from 01/01/2022 to 06/07/2022, composition 2 - from 06/07/2022 to 11/25/2022 and composition 3 - from 11/25/2022 to 12/31/2022). The company plans to evaluate the quality of the work of the Board of Directors in 2023.
2.2.2	The Chairman of the Board of Directors is available to communicate with the company's shareholders	1. The company has a transparent procedure that provides shareholders with the opportunity to send appeals to the Chairman of the Board of Directors (and, if applicable, a senior independent director) and receive feedback on them	Complied	Continues to be complied with. The company shareholders have the opportunity to ask questions to the Chairman of the Board of Directors or Senior Independent Director via the Corporate Secretary of the company or the feedback form available on the company website (https://www.el5-energo.ru/feedback).
2.3	The Board of Directors is an effective and professional management body of the company capable of making objective independent judgments and making decisions that meet the interests of the company and its shareholders			
2.3.1	Only persons who have an impeccable business and personal reputation and have the knowledge, skills and experience necessary to make decisions within the competence of the Board of	1. During the reporting period, the Board of Directors (or its nomination committee) evaluated candidates for the Board of Directors in terms of their necessary experience, knowledge,	Complied	Continues to be complied with. Based on the recommendation of the HR and Remuneration Committee, in 2022 the Board of Directors evaluated the candidates to two compositions of the Board of Directors for

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	Directors and required for the effective exercise of its functions are elected members of the Board of Directors.	business reputation, lack of conflict of interest, etc.		compliance with the criteria of independence and in terms of their necessary experience, knowledge and business reputation.
2.3.2	Members of the company's Board of Directors are elected through a transparent procedure that allows shareholders to obtain information about candidates sufficient to form an idea of their personal and professional qualities	1. In all cases of holding a General Shareholders' Meeting in the reporting period, the agenda of which included issues on the election of the Board of Directors, the company provided shareholders with biographical data of all candidates for members of the Board of Directors, the results of the assessment of the candidates' professional qualifications, experience and skills to the current and expected needs of the company conducted by the Board of Directors (or its nomination committee), as well as information on the candidate's compliance with the independence criteria in accordance with recommendations 102 - 107 of the Code and information on the availability of written consent of candidates for election to the Board of Directors	Partially complied	Continues to be complied with. Deterioration in comparison with the previous period. Biographical data of the candidates to the Board of Directors as well as the results of the evaluation of the candidates' professional qualification by the Board of Directors in 2022 were disclosed only in the materials for the annual General Shareholders' Meeting; the specified data was not disclosed in the materials of the extraordinary and repeated extraordinary General Meetings. This was done to avoid introduction of the restrictive measures against certain individuals. Other information (the information on the availability of a written consent of the candidates for election to the Board of Directors, recommendations of the Board of Directors regarding voting on candidates, including information on the candidates' compliance with the independence criteria) was provided in the materials of all General Shareholders Meetings.
2.3.3	The composition of the Board of Directors is balanced, including in terms of the qualifications of its members, their experience, knowledge and business qualities, and is supported by the confidence of shareholders	1. During the reporting period, the Board of Directors analyzed its own needs in professional qualifications, experience and skills and determined the competencies required by the Board of Directors in the short and long term	Complied	Continues to be complied with. In February 2022 (Minutes No. 02/22 dated February 10, 2022), the Board of Directors approved the Profile of the Board of Directors (Target Model of the Board of Directors). This document includes a list of competencies, skills and a description of the required experience contributing to the effective operation of the Board of Directors.
2.3.4	The quantitative composition of the company's Board of Directors makes it possible to organize the activities of the Board of Directors in the most effective way, including the possibility of forming committees of the Board of Directors, and also provides significant minority shareholders of the company with the opportunity to elect a candidate to the Board of Directors for whom they vote	1. During the reporting period, the Board of Directors considered the issue of compliance of the quantitative composition of the Board of Directors with the needs of the company and the interests of shareholders	Complied	Continues to be complied with. In February 2022 (Minutes No. 02/22 dated February 10, 2022), the Board of Directors approved the Profile of the Board of Directors (Target Model of the Board of Directors). This document includes a description of the optimal composition of the Board of Directors and its Committees.
2.4	The Board of Directors includes a sufficient number of independent directors			
2.4.1	An independent director is a person who has sufficient professionalism, experience and independence to form its own stance, is able to make objective and conscientious judgments, independent of the influence of the company's executive bodies, individual groups of shareholders or other related parties. At the same time, it should be taken into account that under normal conditions, a candidate (an elected member of the Board of Directors) who is associated with the company, its significant shareholder, significant counterparty or competitor of the company or is associated with the state cannot be considered independent.	1. During the reporting period, all independent members of the Board of Directors met all the independence criteria specified in recommendations 102 - 107 of the Code, or were recognized as independent by the decision of the Board of Directors	Complied	Continues to be complied with. All independent members of the Board of Directors elected by the annual General Shareholders Meeting met the criteria for independence contained in the recommendations of the Corporate Governance Code and the Listing Rules of the Moscow Exchange. 3 out of 4 members of the Board of Directors elected at the repeated Extraordinary General Meeting of Shareholders met the criteria for independence contained in the recommendations of the Corporate Governance Code and the Listing Rules of the Moscow Exchange, one member was recognized as independent by the decision of the Board of Directors.
2.4.2	The compliance of candidates for members of the Board of Directors with the criteria of independence is assessed, as well as regular analysis of the compliance of independent members of the Board of Directors with the criteria of independence is carried out. When conducting such an	1. During the reporting period, the Board of Directors (or the nomination committee of the Board of Directors) formed an opinion on the independence of each candidate for the Board of Directors and submitted a corresponding opinion to shareholders.	Partially complied	Continues to be complied with. Deterioration in comparison with the previous period. Clause 1 of principle 2.4.2. is complied with. During 2022, the Board of Directors elaborated an opinion on the independence of each candidate for the Board of Directors and submitted it to the shareholders as part of the

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	assessment, the content prevails over the form	<p>2. During the reporting period, the Board of Directors (or the nomination committee of the Board of Directors) at least once considered the issue of the independence of the current members of the Board of Directors (after their election).</p> <p>3. The company has developed procedures defining the necessary actions of a member of the Board of Directors in case that it ceases to be independent, including obligations to inform the Board of Directors about this in a timely manner</p>		<p>materials for the General Shareholders Meetings.</p> <p>Clause 2 of principle 2.4.2. is not complied with. In 2022, the issue of the independence of the current members of the Board of Directors after their election was not considered, since in the reporting period the company had three different compositions of the Board of Directors (composition 1 - from 01.01.2022 to 07.06.2022, composition 2 - from 07.06.2022 to 25.11.2022 and composition 3 - from 25.11.2022 to 31.12.2022). The issue of independence of the members of the Board of Directors of composition 1 was considered in November 2021, consideration of the issue of independence of the members of the Board of Directors of composition 2 was scheduled for the end of November 2022, however, on November 25, 2022, a new composition was elected, which in the reporting period performed functions for a little more than one month. The Company plans to comply with Clause 2 of principle 2.4.2 in 2023.</p> <p>Clause 3 of principle 2.4.2. is complied with. The company has determined the procedure for the necessary actions of a member of the Board of Directors in the event that he ceases to be independent (clause 3.10 of the Regulations on the Procedure for Convening and Holding Meetings of the Company's Board of Directors).</p>
2.4.3	Independent directors are at least one third of the elected Board of Directors	1. Independent directors are at least one third of the Board of Directors	Complied	<p>Continues to be complied with. Improvement in comparison with the previous period.</p> <p>In 2022, the company had three compositions of the Board of Directors. The composition valid from 01.01.2022 to 07.06.2022 included 3 independent members of the Board of Directors, the composition valid from 07.06.2022 to 25.11.2022 included 8 independent directors and the composition that was elected on 25.11.2022 includes 4 independent directors, which makes up one third of the composition of the Board of Directors.</p>
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and committing significant corporate actions by the company	1. Independent directors (who had no conflict of interest) in the reporting period pre-evaluated significant corporate actions related to a possible conflict of interest, and the results of such an assessment were provided to the Board of Directors	Complied	<p>Continues to be complied with.</p> <p>Assistance to the Board of Directors in the matters of identifying and preventing conflicts of interest has been transferred to the Audit and Corporate Governance Committee, which consists exclusively of the independent directors (Clause 1.5. of the Regulations on Committees of the Board of Directors).</p>
2.5	The Chairman of the Board of Directors contributes to the most effective implementation of the functions assigned to the Board of Directors			
2.5.1	An independent director has been elected Chairman of the Board of Directors, or a senior independent director has been appointed from among the elected independent directors, coordinating the work of independent directors and interacting with the Chairman of the Board of Directors	<p>1. The Chairman of the Board of Directors is an independent director or a senior independent director has been identified among the independent directors.</p> <p>2. Role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the Senior Independent Director) are duly defined in the company's internal documents</p>	Complied	<p>Continues to be complied with.</p> <p>From 01.01.2022 to 25.11.2022 the Board of Directors was headed by the independent directors. Since December 5, 2022, a dependent director has been elected Chairman of the Board of Directors, however, the Board of Directors has appointed a Senior Independent Director who coordinates the work of the independent directors and interacts with the Chairman of the Board of Directors.</p> <p>The role, rights and obligations of the Chairman of the Board of Directors and the Senior Independent Director are defined in Clauses 2 and 4 of the Regulations on the Rules for Convening and Holding Meetings of the Company's Board of Directors.</p>
2.5.2	The Chairman of the Board of Directors ensures a constructive atmosphere of	1. The effectiveness of the work of the Chairman of the Board of Directors was	Not complied	Deterioration in comparison with the previous period.

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	meetings, free discussion of issues included in the agenda of the meeting, control over the execution of decisions taken by the Board of Directors	assessed as part of the procedure for assessing (self-assessment) the quality of the work of the Board of Directors in the reporting period		Clause 1 of principle 2.5.2. is not complied with because the company did not assess the quality of the work of the Board of Directors. In 2022 there were three different compositions of the Board of Directors (composition 1 - from 01.01.2022 to 07.06.2022, composition 2 - from 07.06.2022 to 25.11.2022 and composition 3 - from 25.11.2022 to 31.12.2022), therefore, a full and a qualitative assessment for the objective reasons was not possible. The Company plans to evaluate the quality of the work of the Board of Directors including performance of the Chairman of the Board of Directors and the Senior Independent Director in 2023.
2.5.3	The Chairman of the Board of Directors takes the necessary measures to provide the members of the Board of Directors with the information necessary for making decisions on the items on the agenda in a timely manner	1. The duty of the Chairman of the Board of Directors to take measures to ensure timely provision of complete and reliable information to the members of the Board of Directors on the agenda of the meeting of the Board of Directors is set out in the internal documents of the company	Complied	Continues to be complied with. The obligation of the Chairman of the Board of Directors to take measures to ensure the timely provision of the materials to the members of the Board of Directors on the agenda items is established by clause 2.4 of the Regulations on the Rules for Convening and Holding Meetings of the Company's Board of Directors.
2.6	The members of the Board of Directors act in good faith and reasonably in the interests of the company and its shareholders on the basis of sufficient awareness, with due care and prudence			
2.6.1	The members of the Board of Directors make decisions taking into account all available information, in the absence of a conflict of interest, taking into account equal treatment of the company's shareholders, within the ordinary business risk	1. The company's internal documents establish that a member of the Board of Directors shall notify the Board of Directors if it has a conflict of interest in relation to any item on the agenda of a meeting of the Board of Directors or a committee of the Board of Directors, prior to the discussion of the relevant item on the agenda. 2. The company's internal documents stipulate that a member of the Board of Directors shall abstain from voting on any item on which it has a conflict of interest. 3. The company has established a procedure that allows the Board of Directors to receive professional advice on issues related to its competence at the expense of the company	Complied	Continues to be complied with. Clause 8.10 of the Rules of Procedure for Convention and Holding of Meetings of the Board of Directors establishes the Director's obligation to notify the Board of Directors if it has a conflict of interest in relation to any item on the agenda before the discussion of the relevant item. Clause 8.11 of the above Regulation also establishes the need to abstain from voting on the issues in respect of which a member of the Board of Directors has a conflict of interest. The concept of "conflict of interest" is set out in the Rules of the Procedure for Convention and Holding of Meetings of the Board of Directors Clause 3.7 of the Rules of the Procedure for Convention and Holding of Meetings of the Board of Directors provides for a procedure that allows the Board of Directors to receive professional advice on the issues within its competence at the company's expense.
2.6.2	The rights and obligations of the members of the Board of Directors are clearly formulated and set out in the internal documents of the company	1. The company has adopted and published an internal document clearly defining the rights and obligations of members of the Board of Directors	Complied	Continues to be complied with. The General Shareholders' Meeting approved the Rules of the Procedure for Convention and Holding of Meetings of the Board of Directors of the company that define the rights and obligations of the members of the company's Board of Directors. These Rules have been published on the Company website in the Internet.
2.6.3	Members of the Board of Directors have enough time to perform their duties	1. Individual attendance at meetings of the Board and committees, as well as the sufficiency of time to work in the Board of Directors, including in its committees, was analyzed as part of the procedure for assessment (self-assessment) of the quality of work of the Board of Directors in the reporting period. 2. In accordance with the company's internal documents, members of the Board of Directors are required to notify the Board of Directors of their intention to join the management bodies of other institutions (other than institutions controlled by the company), as well as the fact of such appointment	Partially complied	Continues to be complied with. Deterioration in comparison with the previous period. Clause 1 of principle 2.6.3. is not complied with because the company did not assess the quality of the work of the Board of Directors. In 2022 there were three different compositions of the Board of Directors (composition 1 - from 01.01.2022 to 07.06.2022, composition 2 - from 07.06.2022 to 25.11.2022 and composition 3 - from 25.11.2022 to 31.12.2022), therefore, a full and a qualitative assessment for the objective reasons was not possible. In its annual report for 2022 the company discloses the information on the number of meetings of the Board of Directors and its Committees held during the reporting year, indicating the form of the meeting and the

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				<p>information about presence of the members of the Board of Directors and Committees of the Board of Directors at the meetings.</p> <p>The Company plans to conduct an assessment of the quality of work of the Board of Directors, including an analysis of individual attendance at the meetings of the Board of Directors and its Committees and the sufficiency of time for work in the Board of Directors and its Committees in 2023.</p> <p>Clause 2 of principle 2.6.3. is complied with. Clause 3.9. of the Regulations on the Procedure for Convening and Holding meetings of the Company's Board of Directors establishes the obligation of a member of the Board of Directors to inform the Board of Directors of his intention to join the management bodies of other organizations, as well as the fact of such an appointment, by sending a corresponding notification to the Chairman of the Board of Directors no later than 14 days from the date of the appointment. When elected to the Board of Directors, the candidates fill out questionnaires indicating the organizations where they are members of the management bodies.</p>
2.6.4	All members of the Board of Directors equally have access to the company's documents and information. The newly elected members of the Board of Directors are provided with sufficient information about the company and the work of the Board of Directors as soon as possible	<p>1. In accordance with the company's internal documents, the members of the Board of Directors have the right to receive information and documents required by the members of the Board of Directors of the company for the performance of their duties concerning the company and the entities controlled by it, and the executive bodies of the company shall ensure the provision of relevant information and documents.</p> <p>2. The company implements a formalized program of familiarization events for newly elected members of the Board of Directors</p>	Complied	<p>Continues to be complied with.</p> <p>In accordance with Clauses 3.3 and 3.4. of the Rules of the Procedure for Convention and Holding of the Meetings of Board of Directors, members of the company's Board of Directors are entitled to access documents and make requests concerning the activities of the company and entities controlled by it, and the executive bodies shall provide the certain information and documents no later than 3 (three) business days upon receipt of the relevant request.</p> <p>In 2022 In 2022, introductory events for the newly elected members of the Board of Directors were held for two compositions of the Board of Directors. The introductory events were held under the Program for the induction of newly elected members of the Board of Directors, approved by the Board of Directors in 2021 (Minutes No. 14/21 dated November 15, 2021). This Program was developed in accordance with the best corporate governance practices to ensure the effective work of the Board of Directors. The information on the procedure for familiarization events is also included in Clause 3.2 of the Rules of the Procedure for Convention and Holding of Meetings of Board of Directors, according to which the Corporate Secretary sends to the members of the Board of Directors elected to its composition for the first time the information about 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 executive bodies of the company and other material information about the activities of the company.</p>
2.7	Meetings of the Board of Directors, preparation for them and participation of members of the Board of Directors in them ensure the effective operation of the Board of Directors			
2.7.1	Meetings of the Board of Directors are held as necessary, taking into account the scope of activities and the tasks facing the company in a certain period of time	1. The Board of Directors held at least six meetings during the reporting year	Complied	Continues to be complied with. In 2022, 21 meetings of the Board of Directors were held, 11 of which were held in person or in absentia.
2.7.2	The company's internal documents set out the procedure for preparing and holding meetings of the Board of Directors that provides members of the Board of	1. The company has approved an internal document defining the procedure for preparing and holding meetings of the Board of Directors that, among other things, stipulates that	Complied	Continues to be complied with. In accordance with Clause 7.6.1 of the Rules of the Procedure for Convention and Holding of Meetings of the Board of Directors approved by

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	Directors with the opportunity to properly prepare for its holding	notification of a meeting shall be made, as a rule, at least five days before the date of its holding. 2. During the reporting period, members of the Board of Directors who were absent from the venue of the meeting of the Board of Directors were given the opportunity to participate in the discussion of agenda items and voting remotely - via conference communication and video conferencing		the General Shareholders' Meeting, a notification of a meeting of the Board of Directors is sent to each member of the Board of Directors no later than 5 (five) business days prior to the date of the meeting of the Board of Directors (the deadline for the acceptance of questionnaires for voting). Members of the Board of Directors who are absent from the venue of meetings of the Board of Directors or its Committees are given the opportunity to participate in the discussion of the agenda items and voting remotely - through a conference communication and video conferencing on communicator.
2.7.3	The form of the meeting of the Board of Directors is determined taking into account the importance of the agenda items. The most important items are resolved at meetings held in person	1. The Articles of Association or internal document of the company stipulate that the most important issues (including those listed in recommendation 168 of the Code) shall be considered at in-person meetings of the Board of Directors	Complied	Continues to be complied with. Clause 8.12. of the Regulations on the procedure for convening and holding meetings of the company's Board of Directors stipulates the issues contained in recommendation 168 of the Code, which the Board of Directors shall consider at the meetings in person.
2.7.4	Decisions on the most important issues of the company's activities are made at a meeting of the Board of Directors by a qualified majority or majority of votes of all elected members of the Board of Directors	1. The company's Articles of Association provide that decisions on the most important issues, including those set out in recommendation 170 of the Code shall be made at the meeting of the Board of Directors by a qualified majority, not less than 3/4 of the votes, or a majority of all elected members of the Board of Directors	Complied	Continues to be complied with. Article 18.9 of the Charter of the company contains the most important issues on which the decisions are taken by a qualified majority of three quarters of votes of the total number of the elected members of the Board of Directors. Article 18.6 of the company Charter sets the requirement to decision making on the issues specified: — in Clause 15.2.35 of the Charter by the majority of 9 out of 11 votes of the Board of Directors' members; — by unanimous voting of the members of the Board of Directors to make a decision on the issue specified in Clause 15.2.36.
2.8	The Board of Directors establishes committees for preliminary consideration of the most important issues of the company's activities			
2.8.1	The Audit Committee consisting of independent directors has been established for preliminary consideration of issues related to the control over the financial and economic activities of the company	1. The Audit Committee consisting of independent directors has been established for preliminary consideration of issues related to the control of the company's financial and economic activities 2. The internal documents of the Company determine the tasks of the Audit Committee, including the tasks set forth in recommendation 172 of the Code. 3. The Board of Directors has formed the Audit Committee consisting exclusively of independent directors. 4. Meetings of the Audit Committee were held at least once a quarter during the reporting period	Complied	Continues to be complied with. The Company has been in full compliance with Clause 1 of principle 2.8.1 since June 2019. The Board of Directors formed the Audit and Corporate Governance Committee exclusively from the independent directors. The tasks of the Audit and Corporate Governance Committee are defined in Clause 2.1 of the Regulations on the Committees of the Company's Board of Directors. The new version of the Regulations on Committees of the Board of Directors, approved on December 5, 2022 (Minutes No. 19/22 dated December 5, 2022), added the issue of assisting the Board of Directors in identifying and preventing conflicts of interest to the competence of the Audit and Corporate Governance Committee. Analysis of the information from the questionnaires during the evaluation of candidates to the Board of Directors showed that all candidates elected to the Audit and Corporate Governance Committee have experience and knowledge in the preparation, analysis, evaluation and audit of accounting (financial) statements. In 2022 15 meetings of the Audit and Corporate Governance Committee were held.
2.8.2	For preliminary consideration of issues related to the formation of effective and transparent remuneration practices, a remuneration committee consisting of independent directors and headed by an independent director who is not the chairman of the Board of Directors has been established	1. The Board of Directors has established a remuneration committee that consists only of independent directors. 2. The Chairman of the remuneration committee is an independent director who is not the chairman of the Board of Directors	Complied	Continues to be complied with. The Company has been in full compliance with Clause 1 of principle 2.8.2 since June 2019. The Board of Directors formed the Human Resources and Remuneration Committee exclusively from the independent directors.

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		<p>3. The company's internal documents define the tasks of the remuneration committee, including, inter alia, the tasks contained in recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers the revision of the company's remuneration policy for members of the Board of Directors, executive bodies and other key executives</p>		<p>The Chairman of the Human Resources and Remuneration Committee during 2022 was an independent director.</p> <p>The tasks of the Human Resources and Remuneration Committee are defined in Clause 3.1 of the Regulations on the Committees of the Board of Directors of the company. The provisions on the revision of remuneration of the executive bodies and other key employees of the company, including the terms of the revision, are set out in Clause 4.10 of the Policy on remuneration and reimbursement of expenses (compensations) for members of the executive bodies and other key employees of the company, approved by the Board of Directors (Minutes No. 13/22 dated 28.07. 2022).</p>
2.8.3	<p>For preliminary consideration of issues related to the implementation of HR planning (succession planning), the professional composition and efficiency of the Board of Directors, the nomination (appointment, HR) committee has been established, most of whose members are independent directors</p>	<p>1. The Board of Directors has established the nomination committee (or its tasks specified in recommendation 186 of the Code are implemented within another committee), most of whose members are independent directors.</p> <p>2. The internal documents of the Company determine the tasks of the Committee for Nominations (or of a relevant committee with joint functions), including the tasks contained in recommendation 186 of the Code.</p> <p>3. In order to form a board of directors that best meets the goals and objectives of the company, the nomination committee in the reporting period independently or jointly with other committees of the Board of Directors or the authorized division of the company for interaction with shareholders organized interaction with shareholders, not limited to the circle of the largest shareholders, in the context of the selection of candidates to the Company Board of Directors</p>	Complied	<p>Continues to be complied with. Improvement in comparison with the previous period.</p> <p>The tasks specified in recommendation 186 of the Corporate Governance Code are assigned to the tasks and functions of the Human Resources and Remuneration Committee in accordance with the Regulations on Committees of the Board of Directors. Since June 2019 the Human Resources and Compensation Committee consists exclusively of the independent directors. At the beginning of each year the company's authorized division for interaction with shareholders - the department for corporate relations - sends information letters to the major shareholders with recommendations on nominating the candidates to the Board of Directors.</p> <p>In 2022 when convening the annual and extraordinary General Shareholders Meeting in addition to the information required by law, detailed instructions for submitting such proposals were published on the company's website during the period when suggestions were sent to the agenda of the annual General Meeting of Shareholders and candidates were nominated to the Board of Directors, incl. containing information on the need to nominate independent candidates to the Board of Directors.</p> <p>In 2022, the company improved its practice of interaction with shareholders by also publishing the Profile of the Board of Directors (Target Model of the Board of Directors) approved by the Board of Directors (Minutes No. 02/22 dated February 10, 2022) on its website. This document describes the vision of the Board of Directors, which composition of the Board of Directors corresponds to the activities and the strategy of the company and contains recommendations to the shareholders of the company on the combination of knowledge, experience, skills and personal qualities of the members of the Board of Directors necessary for decision-making by the Board of Directors.</p>
2.8.4	<p>Taking into account the scope of activities and the level of risk, the Company Board of Directors made sure that the composition of its committees fully meets the objectives of the company's activities. Additional committees were either formed or were not deemed necessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.)</p>	<p>1. During the reporting period, the Company Board of Directors considered the issue of compliance of the structure of the Board of Directors with the scale and nature, objectives and needs, risk profile of the company. Additional committees were either formed or were not deemed necessary</p>	Complied	<p>Continues to be complied with.</p> <p>The Board of Directors considered the issue of compliance of its structure with the scale, nature, goals of activities, needs and risk profile of the company, as well as the issue of compliance of the composition of the Committees with the tasks of the Board of Directors within the issue of approving the Regulation on the Committees of the Board of Directors of the company (Minutes No. 19/22 dated 05.12. 2022).</p>
2.8.5	<p>The composition of the committees is determined in such a way that it allows for</p>	<p>1. The Audit Committee, Remuneration Committee, Nomination Committee (or</p>	Complied	<p>Continues to be complied with.</p>

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	a comprehensive discussion of the issues previously considered, taking into account various opinions	<p>the corresponding committee with combined functions) were headed by independent directors in the reporting period.</p> <p>2. The company's internal documents (policies) contain provisions according to which persons who are not members of the Audit Committee, Nomination Committee (or the corresponding committee with combined functionality) and the Remuneration Committee can attend committee meetings only upon invitation of the chairman of the relevant committee</p>		<p>The Audit and Corporate Governance Committee and the Human Resources and Remuneration Committee also functioning as a nomination committee are headed by the independent directors.</p> <p>The meetings of the Committees of the Board of Directors are attended by the members of the Committees, as well as the persons invited to the meeting by the Chairman of the relevant committee under Clause 5.2 of the Regulations on the Committees of the Board of Directors.</p>
2.8.6	The Chairmen of the committees regularly inform the Board of Directors and its Chairman about the work of their committees	1. During the reporting period, the Chairmen of the committees regularly reported on the work of the committees to the Board of Directors	Complied	<p>Continues to be complied with.</p> <p>In 2022, under Clause 1.10 of the Regulations on the Committees of the Board of Directors, the Chairmen of the Committees quarterly submitted the reports on the activities of their Committees to the Board of Directors for consideration.</p>
2.9	The Board of Directors ensures that the quality of work of the Board of Directors, its committees and members of the Board of Directors is assessed			
2.9.1	The assessment of the quality of the work of the Board of Directors is aimed at determining the degree of effectiveness of the work of the Board of Directors, committees and members of the Board of Directors, compliance of their work with the needs of the company's development, activation of the work of the Board of Directors and identification of areas in which their activities can be improved	<p>1. The company's internal documents define procedures for conducting an evaluation (self-evaluation) of the quality of the work of the Board of Directors.</p> <p>2. The evaluation (self-evaluation) of the quality of the work of the Board of Directors carried out in the reporting period included an evaluation of the work of the committees, an individual assessment of each member of the Board of Directors and the Board of Directors as a whole.</p> <p>3. The results of the evaluation (self-evaluation) of the quality of the work of the Board of Directors conducted during the reporting period were reviewed at an in-person meeting of the Board of Directors</p>	Not complied	<p>Deterioration in comparison with the previous period.</p> <p>Clauses 1-3 of principle 2.9.1. are not complied with, as the company did not assess the quality of the work of the Board of Directors in 2022. In the reporting period, there were three different compositions of the Board of Directors (composition 1 - from 01/01/2022 to 06/07/2022, composition 2 - from 06/07/2022 to 11/25/2022 and composition 3 - from 11/25/2022 to 12/31/2022), therefore, a full and a qualitative assessment for objective reasons was not possible. The company plans to evaluate the quality of the work of the Board of Directors in 2023.</p>
2.9.2	Assessment of the work of the Board of Directors, committees and members of the Board of Directors is carried out on a regular basis at least once a year. An external institution is engaged to conduct an independent assessment of the quality of the work of the Board of Directors at least once every three years (consultant)	1. To conduct an independent evaluation of the quality of the work of the Board of Directors during the last three reporting periods, the company engaged an external entity at least once (consultant)	Complied	<p>Continues to be complied with.</p> <p>The Company engages external institutions (consultants) to conduct an external assessment of the quality of work of the Board of Directors every three years. In 2020 Limited Liability Company Stanton Chase Rus was involved. In 2017 an external evaluation of the Board of Directors' performance was carried out by PricewaterhouseCoopers Limited Liability Company.</p> <p>The company plans to conduct the next external evaluation of the Board of Directors' work in 2024.</p>
3.1	The Corporate Secretary of the company ensures effective ongoing interaction with shareholders, coordination of the company's actions to protect the rights and interests of shareholders, and support the effective work of the Board of Directors			
3.1.1	The Corporate Secretary shall have knowledge, skills and experience sufficient for him/her to perform his/her obligations, excellent reputation and enjoy the trust of the shareholders	1. The company's website on the Internet and the annual report provide biographical information about the Corporate Secretary (including information on age, education, qualifications, experience), as well as information on positions in the management bodies of other legal entities held by the Corporate Secretary for at least the last five years	Complied	<p>Continues to be complied with.</p> <p>Biographical information about the Corporate Secretary is disclosed on the company's website and in the company's annual report.</p>

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3.1.2	The Corporate Secretary has sufficient independence from the executive bodies of the company and has the necessary powers and resources to perform the tasks assigned to it	<p>1. The company has adopted and disclosed an internal document - the Regulation on Corporate Secretary.</p> <p>2. The Board of Directors approves the candidate for the position of the Corporate Secretary and terminates its powers, considers the issue of paying it additional remuneration.</p> <p>3. The company's internal documents stipulate the right of the Corporate Secretary to request and receive company documents and information from management bodies, organizational units and officials of the company</p>	Complied	<p>Continues to be complied with. Improvement in comparison with the previous period.</p> <p>On the company's website on the Internet, the Regulations on the Corporate Secretary of the company are disclosed. This Regulation establishes the right of the Corporate Secretary to request, receive the documents of the company and the information from the management bodies, structural divisions and the officials of the company (Clause 3.1. of the Regulation).</p> <p>The Board of Directors approves a candidate for the position of the Corporate Secretary and terminates his/her powers, considers the issue of paying him/her an additional remuneration in accordance with the Regulations on the Procedure for Convening and Holding the Meetings of the Company's Board of Directors. According to Clause 2.2 of the Regulations on the Corporate Secretary, the Corporate Secretary performs the functions of the secretary of the Board of Directors of the company, the General Shareholders Meeting of the company, as well as the Committees of the Board of Directors of the company.</p> <p>From December 12, 2022, Andrey Sergeevich Malinin was elected the Corporate Secretary of the company (Minutes No. 20/22 dated 09.12.2022), reporting directly to the Board of Directors and having sufficient independence from the executive bodies, since he is not an internal part-time employee.</p>
4.1	The level of remuneration paid by the company is sufficient to attract, motivate and retain persons with the necessary competence and qualifications for the company. Remuneration is paid to members of the Board of Directors, executive bodies and other key executives of the company in accordance with the remuneration policy adopted by the company			
4.1.1	The amount of the remuneration provided by the Company to the members of the Board of Directors, executive bodies and other key managers adequately motivates them to work efficiently, allowing the Company to engage and retain competent and qualified specialists. At the same time, the Company avoids setting the level of remuneration any higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the other Company's employees	1. The remuneration amount paid to the members of the Board of Directors and other key managers of the Company is based on the results of comparative analysis of remuneration amounts in comparable companies.	Complied	<p>Continues to be complied with.</p> <p>On the basis of the comparative analysis of the market of remunerations for members of boards of directors of Russian and foreign companies, performed by the external entity, Stanton Chase Rus LLC in 2019, the Company has specified the remuneration amounts paid to the members of the Board of Directors and Committees in the Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees. Remuneration of the members of the executive bodies and key managers is governed by the Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees of the company and defined according to Clause 4.2. of the Policy and based on the results of the comparative analysis of remuneration amounts in comparable companies, performed by external entities.</p>
4.1.2	The Company's remuneration policy has been drawn up by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors, assisted by the Remuneration Committee, supervises adoption and implementation of the remuneration policy and, when necessary, revises and corrects it.	1. Within the reporting period, the Remuneration Committee examined the remuneration policy (policies) and (or) practice of its (their) implementation, evaluated their effectiveness and transparency and, as required, provided the Board of Directors with the relevant recommendations on revision of the said policy (policies).	Complied	<p>Continues to be complied with.</p> <p>In 2022 following the recommendation of the Human Resources and Remuneration Committee, the Board of Directors approved a new version of the Policy on remuneration and reimbursement of expenses (compensations) for the members of the executive bodies and other key executives of the company (Minutes 13/22 of 28.07.2022). The remuneration policy for the members of the Board of Directors and Committees of the Board of Directors was considered at the meeting of the Committee as part of the discussion of comparative analyses of the remuneration of the Board of Directors with comparable companies, prepared by the Corporate Secretary and the external organization - Stanton Chase Rus Limited Liability Company.</p>

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4.1.3	The Company's remuneration policy contains transparent procedures for defining the remuneration amount paid to the members of the Board of Directors, executive bodies and other key managers of the Company, as well as regulates all types of payments, benefits and privileges provided to the mentioned persons.	1. The Company's remuneration policy (policies) contains (contain) transparent procedures for defining the remuneration amount paid to the members of the Board of Directors, executive bodies and other key managers of the Company, as well as regulates (regulate) all types of payments, benefits and privileges provided to the mentioned persons.	Complied	Continues to be complied with. Such internal documents of the company as the Regulation on the payment of remuneration and compensation to the members of the Board of Directors and Committees of the Board of Directors of the company and the Policy on remuneration and reimbursement of expenses (compensation) of the members of the executive bodies and other key executives contain transparent mechanisms for determining the amount of the remuneration for the members of the Board of Directors, executive bodies and other key executives of the company, as well as establish all types of payments, benefits and privileges that are provided to them.
4.1.4	The Company defines the policy for reimbursement of costs (compensations) that specifies the list of costs that can be reimbursed and service level applicable to the members of the Board of Directors, executive bodies and other key managers of the Company. Such policy can be a component of the Company's remuneration policy.	1. The remuneration policy (policies) or other internal Company documents establish the rules for reimbursement of expenses of the members of the Board of Directors, executive bodies and other key managers of the Company.	Complied	Continues to be complied with. The Regulation on the payment of remuneration and compensation to the members of the Board of Directors and Committees of the Board of Directors of the company and the Policy on remuneration and reimbursement of expenses (compensation) of the members of the executive bodies and other key executives establish the rules for reimbursement of expenses for the members of the Board of Directors/Committees, executive bodies and other key management employees of the company. Lists of such expenses are stipulated in the specified internal documents of the company.
4.2	The remuneration system for the members of the Board of Directors ties together the financial interests of the directors with long-term financial interests of the shareholders.			
4.2.1	The Company pays a fixed remuneration amount to the members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board of Directors or its Committees. The Company does not use any form of short-term motivation to provide additional material incentive to the members of the Board of Directors.	1. The Company paid remuneration to the members of the Board of Directors in the reporting period in compliance with the adopted Company's remuneration policy. 2. In the reporting period, the Company did not use any form of short-term motivation or additional material incentive depending on Company's performance (indicators). No remuneration was paid for participation in individual meetings of the Board of Directors or its Committees.	Complied	Continues to be complied with. Under Clause 4.1 of the Regulations on the payment of remuneration and compensation to the members of the Board of Directors and Committees of the Board of Directors of the company in 2022, the members of the Board of Directors/Committees were paid only a fixed remuneration. The Company did not apply towards the members of the Board of Directors and Committees any forms of short-term motivation, additional material incentives, the payment of which depends on the results (indicators) of the company's activities. No remuneration was paid for participation in certain meetings of the Board or Committees of the Board of Directors.
4.2.2	Long-term ownership of the company's shares contributes most to the convergence of the financial interests of the members of the Board of Directors with the long-term interests of shareholders. At the same time, the company does not condition the right to sell shares by achieving certain performance indicators, and members of the Board of Directors do not participate in option programs	1. Should any internal document(s), such as the Company's remuneration policy (policies), stipulate providing the members of the Board of Directors with shares, unambiguous rules for possession of shares by the members of the Board of Directors, aimed to promote long-term holding of such shares, shall be stipulated and disclosed.	Complied	Clause 1 of principle 4.2.2. is complied with. The change from "not applicable" to "complied with" relates to the Central Bank's guidelines for reporting on compliance with the principles of the Corporate Governance Code, according to which "complied with" status is allowed in the absence of option programmes in a company. Under Clause 4.5. Regulations on the payment of remuneration and compensation to the members of the Board of Directors and Committees of the Board of Directors of the company Members of the Board of Directors have the right to conclude an agreement with the company for the sale and purchase of the shares of PJSC «EL5-Energo» with deferred fulfillment of obligations to transfer and pay for the shares under the Option Program approved by the Board of directors of the company. Since the company does not have an Option Plan for the provision of shares to the members of the Board of Directors, the members of the Board of Directors receive only a fixed remuneration in cash. The Company does not plan to approve the Option Plan in 2023.
4.2.3	The Company does not provide any additional payments or compensations in case of early resignation of members of the Board of Directors due to transfer of control over the Company or other circumstances.	1. The Company does not provide any additional payments or compensations in case of early resignation of members of the Board of Directors due to transfer of control over the Company or other circumstances.	Complied	Continues to be complied with. Additional compensation or severance benefits to the members of the Board of Directors in case of early termination of their powers, in relation to the transfer of control over the company or other circumstances are not provided.

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4.3	The system of remuneration of the members of the executive bodies and other key managers or the Company stipulates dependence of the remuneration amount on the performance of the Company and their personal contribution to this result.			
4.3.1	Remuneration amounts paid to the members of the executive bodies and other key managers or the Company are defined so that to ensure reasonable and well-founded ratio of the fixed part of the remuneration amount and its variable part that depends on the performance of the Company and personal contribution of an employee to this result.	<p>1. The yearly performance indicators approved by the Board of Directors were used in the reporting period in order to define variable remuneration amounts to be paid to the members of the executive bodies and other key managers or the Company.</p> <p>2. The latest assessment of the system of remuneration of the members of the executive bodies and other key managers or the Company showed the Board of Directors (Remuneration Committee) that the Company uses an efficient ratio of the fixed part of the remuneration amount and its variable part.</p> <p>3. The remuneration amount paid to the members of the executive bodies and other key managers or the Company is defined with taking into account the risks to the Company in order to prevent creation of incentives to excessively risky managerial decisions.</p>	Complied	Continues to be complied with. The company has programs of short-term and long-term motivation for the members of executive bodies and other key executives, which are approved by the Board of Directors. In 2022, following the recommendation of the Human Resources and Remuneration Committee, the Board of Directors approved a new version of the Policy on remuneration and reimbursement of the expenses (compensations) of the members of the executive bodies and other key executives of the company, leaving the ratio of the fixed and variable parts of remuneration unchanged, previously recognized by the Board of Directors as effective (Minutes 13/22 dated 28.07.2022). When determining the amount of the variable remuneration for the members of the executive bodies and other key executives of the company for 2022, the Human Resources and Remuneration Committee used annual performance indicators approved by the company's Board of Directors and took into account the risks borne by the company.
4.3.2	The Company has adopted the long-term incentive program for the members of the executive bodies and other key managers of the Company involving the use of the Company shares (options or other derivatives based on the Company shares).	1. Should the Company adopt a long-term incentive program for the members of the executive bodies and other key managers of the Company involving the use of the Company shares (or financial instruments based on the Company shares), such program shall stipulate that the right to sale such shares or other financial instruments originates not earlier than three years upon their provision. In such case, the right of their sale is based on achievement of specific performance indicators by the Company.	Complied	Continues to be complied with. The Board of Directors approved a new version of the Long-Term Incentive Program for the period 2020-2022 involving the key executives (Minutes No. 13/22 dated 28.07.2022). The specified Program includes a provision on the payment of a part of the bonus by the company's shares. The Long-Term Bonus Program provides for the actual amount of the bonus in the form of a two-component award - the receipt of shares and a cash payment - the amount of which varies depending on the level of achievement of the goals set for the three-year period under the specified Program. At the request of the participant in the Program, the share component may be replaced by a cash payment.
4.3.3	The compensation amount ("golden handshake") paid by the Company to the members of the executive bodies and other key managers in case of their early resignation at the initiative of the Company, providing that they have committed no bad faith actions, shall not exceed the two-fold amount of the fixed part of the yearly remuneration.	1. The compensation amount ("golden handshake") paid by the Company to the members of the executive bodies and other key managers in case of their early resignation at the initiative of the Company, providing that they have committed no bad faith actions did not exceed the two-fold amount of the fixed part of the yearly remuneration in the reporting period.	Complied	Continues to be complied with. In the reporting period the powers of the members of the executive bodies or key executives were not terminated early at the initiative of the company. There were no "golden handshake" payments.
5.1	The Company has devised an efficient risk management and internal control system aimed at ensuring reasonable confidence in achievement of Company's objectives.			
5.1.1	The Company Board of Directors has specified the principles and approaches to arrangement of the risk management and internal control system in the Company.	1. The functions of different governing bodies and organizational units in the risk management and internal control system are clearly defined in internal documents / relevant Company's policy approved by the Board of Directors.	Complied	Continues to be complied with. The company has The Risk Management and Internal Control Policy approved by the Board of Directors, which clearly defines the risk management system, as well as the functions of the company's divisions and its management bodies in the risk management system.
5.1.2	The executive bodies of the Company devise and support an efficient risk management and internal control system of the Company.	1. The executive bodies of the Company ensured distribution of duties, authorities and responsibilities in risk management and internal control among managers (heads) of units and groups reporting to them.	Complied	Continues to be complied with. To manage the risks the company has created a three-stage system including the structural divisions of the company, the Risk Control Group within the Financial Directorate, the Risk Committee under the General Director and the Internal Audit Department. The Risk Control Group coordinates the work of

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				structural divisions in identifying and assessing the risks, as well as developing measures for their management, ensures the updating of the Risk Management and Internal Control Policy, develops a risk culture management.
5.1.3	The risk management and internal control system of the Company ensures unbiased, fair and clear understanding of the current status and prospects of the Company, integrity and transparency of the Company's reporting, reasonability and acceptability of risks taken by the Company.	1. The Company has approved an anti-corruption policy. 2. The Company uses a safe, confidential and easy method (hotline) for informing the Board of Directors or the Audit Committee of the Board of Directors on cases of violation of the law, internal procedures and Company Code of Ethics.	Complied	Continues to be complied with. The company has implemented a corruption prevention management system in accordance with the requirements of the international standard ISO 37001. The Board of Directors approved the Corruption Prevention Policy, the Guidelines for the Anti-Corruption Management System, the Code of Ethics and the Regulation on the Inadmissibility of Corruption. The General Director approved the Whistleblowing Policy. The company has arranged secure, confidential and accessible ways to report violations of the law and internal procedures. By order of the General Director, the company has also established and constantly operates the Anti-Corruption Committee.
5.1.4	The Company's Board of Directors takes required measures to ensure that the applicable Company's risk management and internal control system complies with the principles and approaches to its organization defined by the Board of Directors and efficiently implemented.	1. The Board of Directors (Audit Committee and (or) Risk Committee (if any)) arranged assessment of reliability and effectiveness of the risk management and internal control system. 2. In the reporting period, the Board of Directors examined the results of the assessment of reliability and effectiveness of the risk management and internal control system of the Company, with the results included into the annual report of the Company.	Complied	Continues to be complied with. In 2022 the Board of Directors reviewed the company's risk management and internal control system and recognized it as effective throughout 2022. Information on the result of such an assessment is included in the company's annual report for 2022.
5.2	The Company arranges internal audit for the purpose of systematic independent assessment of reliability and effectiveness of the risk management and internal control system, as well as the corporate governance practice.			
5.2.1	A separate organizational unit was established or an independent external body was engaged in order to conduct internal audit. Functional and administrative accountability of the internal audit unit is separated. From a functional standpoint, the internal audit unit reports to the Board of Directors.	1. A separate organizational unit, reporting to the Board of Directors from a functional standpoint, was established or an independent external body, reporting on the basis of the same principle, was engaged in order to conduct internal audit in the Company.	Complied	Continues to be complied with. The company has established an Internal Audit Department, which operates on the basis of the Regulations on the Internal Audit Department. The department is functionally subordinate to the Board of Directors, and administratively - to the General Director. The Internal Audit Director is appointed and dismissed by the General Director by decision of the Board of Directors of the company.
5.2.2	The internal audit unit assesses reliability and effectiveness of the risk management and internal control system, as well as corporate governance, applying the common internal audit standards.	1. As part of internal audit within the reporting period, reliability and effectiveness of the risk management and internal control system were assessed. 2. Practice (separate practices) of corporate governance, including the information exchange procedures (including ones related to internal control and risk management) at all Company's governance levels, as well as stakeholders engagement procedures, was evaluated in the reporting period as part of internal audit.	Complied	Continues to be complied with. Based on the results of the audits carried out in 2022, the Internal Audit Department concluded that the structure and functioning of the internal control, risk management and corporate governance system of PJSC «EL5-Energo» is adequate for the purposes of effective risk management related to the activities carried out by PJSC «EL5-Energo».
6.1	The Company and its activities are transparent for shareholders, investors and other stakeholders.			
6.1.1	The Company has developed and adopted an information policy ensuring efficient information exchange between the Company, shareholders, investors and other stakeholders.	1. The Company Board of Directors has approved the Company's information policy developed in accordance with the recommendations provided in the Code. 2. Within the reporting period, the Board of Directors (or one of its Committees) examined the issue of effectiveness of information exchange between the	Complied	Continues to be complied with. The information policy of the company developed in accordance with the recommendations of the Corporate Governance Code was approved by the Board of Directors in a new reading in 2022 (Minutes No. 20/22 dated 09.12.2022). In 2022 the Board of Directors also considered the issue of the company's compliance with this policy. The issue of the effectiveness of information interaction between the company, the

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		Company, shareholders, investors and other stakeholders, as well as expedience (necessity) of revision of the Company's information policy.		shareholders, investors and other interested parties and the expediency (necessity) of revising the company's information policy was considered by the Board of Directors as part of the issue of corporate governance of the company (Minutes No. 18/22 dated 24.11.2022).
6.1.2	The Company discloses information on the system and practice of corporate governance, including the detailed information on Company's compliance with the principles and recommendations provided in the Code.	<p>1. The Company discloses information on the system and practice of corporate governance and general corporate governance principles applied in the Company, including on the Company's website.</p> <p>2. The Company discloses the information on the composition of the executive bodies and the Board of Directors, independence of the Board members and their membership in the Board of Directors Committees (in accordance with the definitions of the Code).</p> <p>3. In case there is a person controlling the Company, the Company shall publish a memorandum of the controlling person with respect of its plans related to corporate governance in the Company.</p>	Partially complied	<p>Continues to be complied with. Deterioration in comparison with the previous period.</p> <p>Clause 1 of principle 6.1.2. is complied with. The Company discloses the information about the system and general principles of corporate governance on its website on the Internet.</p> <p>Clause 2 of principle 6.1.2. is not complied with. Information on the composition of the Board of Directors and their membership in the Committees is not disclosed by the company in accordance with Decree of the Government of the Russian Federation as of March 12, 2022 N 351 "On the features of disclosure and provision in 2022 of the information subject to disclosure and provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market", and the specifics of disclosure of the insider information in accordance with the requirements of the Federal Law "On Counteracting the Misuse of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation".</p> <p>The Company discloses information on the composition of the executive bodies, including brief biographical data of the members of the Executive Board, including the General Director.</p> <p>Clause 3 of principle 6.1.2. was complied with by the company during 11 months of the reporting period. The Company plans to publish in 2023 a memorandum of its controlling person, PJSC LUKOIL, on its plans regarding corporate governance in the company, should such a memorandum be drawn up.</p>
6.2	The Company discloses complete, up-to-date and valid information on itself in a timely manner in order to ensure the capability to make reasonable decisions with Company shareholders and investors.			
6.2.1	The Company discloses information in compliance with the principles of regularity, consistence and promptness, as well as availability, validity, completeness and comparativeness of disclosed data.	<p>1. The Company have defined a procedure ensuring coordination of work of all Company's organizational units and employees related to disclosing information or carrying out activities that can lead to the need for information disclosure.</p> <p>2. In case when Company's securities are traded on recognized foreign markets, essential information shall be disclosed in the Russian Federation and on such markets at the same time and to the same extent within a reporting year.</p> <p>3. Should foreign shareholders possess a significant quantity of Company's shares, information shall be disclosed during a reporting year not only in Russian but in one of the most widespread foreign languages as well.</p>	Complied	<p>Continues to be complied with.</p> <p>The procedure for coordinating the work of the structural divisions and employees of the company related to the disclosure of information or whose activities may lead to the need to disclose information is regulated by the orders of the General Director of the company.</p> <p>The Company does not disclose any material information in foreign organized markets. Shares and exchange-traded bonds of PJSC «EL5-Energo» are traded only on PJSC Moscow Exchange and PJSC SPB Exchange. In accordance with the Regulation on Information Policy, the company discloses most of the information on its website on the Internet not only in Russian, but also in English.</p>
6.2.2	The Company avoids token approach to information disclosure and discloses important information on its activities even if not stipulated by the law.	<p>1. The Company's Information Policy defines approaches to disclosure of information on other events (actions) that have a significant impact on the cost or quotations of its securities which are not subject to disclosure according to the law.</p> <p>2. The Company discloses information on the structure of its</p>	Complied	<p>Continues to be complied with.</p> <p>The Regulations on the Company's Information Policy define the approaches to disclosure of the information about other events (actions) that have a significant impact on the value or quotes of its securities about which disclosure of the information is not provided for by the legislation of the Russian Federation. Moreover, the company seeks to disclose the</p>

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		<p>capital in accordance with recommendation 290 of the Code in its annual report at the Company website.</p> <p>3. The Company discloses information on entities under its control that are essential for the Company, including information on their key business areas, on procedures ensuring accountability of controlled entities and on powers possessed by the Company Board of Directors with respect to defining the strategy and evaluating performance of the controlling entities.</p> <p>4. The Company discloses its non-financial report - a sustainability, environmental, corporate social responsibility or other report containing non-financial information, including information on environmental factors (including climate change), social factors or corporate governance, except for a report provided by the public securities issuer and the annual report of the joint stock company.</p>		<p>information about its activities on a voluntary basis, in addition to the disclosure of information required by law. The company discloses the information on the structure of its share capital in the annual report and on its own website.</p> <p>The information about the controlled entities being significant for the company, including key areas of their activities, mechanisms that ensure the accountability of the controlled entities, the powers of the Board of Directors of the company in relation to determining the strategy and evaluating the results of activities of the controlled entities (including by issuing recommendations to a representative company regarding participation in general meetings of participants/shareholders of the controlled entities, consolidation of financial results of the controlled entities in group IFRS, approval of the company's business plan, including indicators of the controlled entities) is disclosed in the Company's Annual Report, the issuer's report and notices of material facts of the company.</p> <p>The company presented its non-financial sustainability results in the Sustainability Report. When preparing the Sustainability Report, GRI Standards became the main standards. In addition, SASB and TCFD are partly integrated into the Sustainability Report.</p>
6.2.3	Being one of the most important tools of information exchange with shareholders and other stakeholders, the Annual Report contains the information that allows to evaluate Company's results achieved for a year.	<p>1. The Company Annual Report contains information on results of Audit Committee's assessment of effectiveness of external and internal audit.</p> <p>2. The Company Annual Report contains information on the Company's environmental and social policies.</p>	Complied	<p>Continues to be complied with.</p> <p>The company's annual report is prepared based on the recommendations of the Corporate Governance Code and contains the information on the results of the Audit and Corporate Governance Committee's assessment of the effectiveness of the external and internal audit process, on the key aspects of the company's operations, its financial results and sustainable development, including the company's policy related to the environmental protection and social policy.</p>
6.3	The Company provides information and documents on shareholders' requests in accordance with the principles of equal and unhindered access.			
6.3.1	Implementation of the shareholders' right to access to Company's documents and information is not affected by undue hardships.	<p>1. The Company's information policy (internal documents defining the information policy) sets an affordable procedure for access to Company's documents and information on shareholders' requests.</p> <p>2. The information policy (internal documents defining the information policy) contain provisions stipulating that, should there be a shareholder's request to provide information on entities controlled by the Company, the Company shall make necessary efforts to obtain such information from the relevant controlled entities.</p>	Complied	<p>Continues to be complied with.</p> <p>The Company is guided by the current legislation in providing the shareholders with access to its documents and information, and also strives not to create unreasonable difficulties for them. Clause 7 of the Regulations on the Information policy of the company provides for the procedure for providing documents of the company and information about its activities, as well as the information about the legal entities controlled by it.</p>
6.3.2	When providing information to shareholders, the Company ensures a reasonable balance between interests of specific shareholders and those of the Company itself that seeks to keep confidentiality of important business information that can significantly affect Company's competitiveness.	<p>1. Within the reporting period, the Company either satisfied shareholders' requests for providing information or provided explanation in case of rejection.</p> <p>2. In particular cases specified by the Company's Information Policy, shareholders shall be warned on the confidential nature of information and undertake to keep it confidential.</p>	Complied	<p>Continues to be complied with.</p> <p>During the reporting period the company did not refuse to satisfy any shareholders' requests for information.</p> <p>When necessary the shareholders are warned about the confidential nature of the information and get access to it after concluding an information non-disclosure agreement (confidentiality agreement) with the company, which is posted on the company's website.</p>
7.1	Actions that affect or can affect the structure of the share capital and financial status of the Company, and, therefore the status of its shareholders, to a significant extent (significant corporate actions) shall be taken on fair conditions securing the rights and interests of shareholders and other stakeholders.			
7.1.1	The significant corporate actions include reorganization of the Company, acquisition of 30 or more percent of the Company's voting shares (takeover), major transactions of the Company,	1. The Company Articles of Association specifies a list (criteria) of transactions and other actions interpreted as significant corporate actions. Decision making with respect to significant	Complied	<p>Continues to be complied with.</p> <p>Article 25 of the company's Charter defines the criteria and list of transactions being significant corporate actions. The Board of Directors makes decisions regarding significant corporate actions.</p>

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	increase or decrease of the Company's authorized capital, listing or delisting of Company's shares and other actions that can significantly change the shareholders' rights or compromise their interests. The Company Articles of Association specifies a list (criteria) of transactions and other actions interpreted as significant corporate actions, and such actions lay within the competence of the Board of Directors of the Company.	corporate actions lays within the competence of the Board of Directors according to the Company Articles of Association. When such corporate actions lie within the competence of the General Shareholders' Meeting by law, the Board of Directors provides relevant recommendations to the shareholders		In cases where the implementation of these corporate actions is directly related to the competence of the General Meeting of Shareholders, the Board of Directors provides the shareholders with the appropriate recommendations.
7.1.2	The Board of Directors plays the key role in making decisions or devising recommendations with respect to significant corporate actions, relying on the opinion of the independent directors of the Company.	1. The company has a procedure stipulating that the independent directors shall declare their opinion on significant corporate actions prior to their approval.	Complied	Continues to be complied with. According to Clauses 4.4, 4.7 and 4.8.1 of the Regulations on the Procedure for Convocation and Holding of Meetings of the Board of Directors, the Senior Independent Director shall coordinate interaction between independent directors, including convening meetings (sessions) of independent directors as necessary and chairing such meetings (sessions). Decisions taken at the meetings of the independent directors shall be communicated by the Senior Independent Director to the other members of the Board of Directors. Prior to the abolition of the Related Party Transactions Committee (Minutes No.19/22 of 5 December 2022), consideration of material corporate actions and assistance to the Board of Directors in taking decisions on them was the competence of this Committee, which was composed entirely of independent directors as of 2019.
7.1.3	When making significant corporate actions that affect the rights and legal interests of shareholders, equal conditions shall be ensured for all shareholders of the Company. If the legal procedures protecting the shareholders' rights are insufficient, additional measures protecting the rights and legal interests of shareholders shall be taken. In this case, the Company is guided not only by formal legal requirements, but also by the corporate governance principles set forth in the Code.	1. Taking into account the peculiarities of the functions of the Board of Directors, the Company Articles of Association lists approval of other essential transactions than ones stipulated by the law. 2. In the reporting period, all significant corporate actions passed the approval procedure before their execution.	Complied	Continues to be complied with. Under Clause 25.2 of the Company's Charter the decisions regarding transactions of significant importance to the Company are within the competence of the Board of Directors. In cases where the approval of such transactions falls within the competence of the General Meeting of Shareholders, the Board of Directors provides the shareholders with the appropriate recommendations. During 2022 all actions classified by the Corporate Governance Code and the Company's Charter as material corporate actions were approved by the Board of Directors prior to their execution.
7.2	The Company shall ensure such procedure for the corporate actions performance, which allows the shareholders to timely obtain complete information on such actions, ensures the possibility for the shareholders to influence such actions and guarantees compliance and adequate level of their rights protection in the course of such actions			
7.2.1	The information on making significant corporate actions may be disclosed with explanation of reasons, conditions and consequences of such actions.	1. When the Company took significant corporate actions in the reporting period, it disclosed information on such actions, including reasons for them, conditions in which they are taken and their consequences for shareholders, in a timely manner and to a full extent.	Complied	Continues to be complied with. The Company timely and in detail disclosed information on the acquisition by Public Joint Stock Company "Oil Company "LUKOIL" of the right to dispose 56.46% of the company's authorized share capital. This event is a significant corporate action for the company, which occurred on December 5, 2022 and was disclosed by the company immediately upon receipt on January 9, 2023 of the year.
7.2.2	Rules and procedures related to the implementation of significant corporate actions by the company are specified in the internal documents of the company	1. Internal documents of the Company specify the cases of and procedures for engagement of an appraiser for defining cost of property alienated or acquired under major transactions or related party transactions.	Partially complied	Continues to be complied with. Clause 1 of principle 7.2.2 continues to be complied with. The Board of Directors of the company adopted the Basic Principles for Approving the Interested Party Transactions (Minutes No. 3/12 on 06.04.2012), under which it is necessary to determine a fair market valuation of property acquired or alienated under a transaction in which there is an interest, based on the results of the tender, market price analysis or engagement of an independent appraiser. The company does

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				<p>not have an internal document regulating the procedure for engaging an independent appraiser to determine the value of property alienated or acquired under a major transaction, due to the lack of a constant practice of major transactions.</p> <p>Clause 2 of principle 7.2.2 continues to be complied with. The company's internal documents do not provide for a procedure for engaging an independent appraiser to assess the cost of acquiring and repurchasing own shares, due to the lack of a regular practice of acquiring and repurchasing shares. There were no such transactions during 2018–2022. Given the fact that the shares of PJSC «EL5-Energo» are listed on stock exchanges and have sufficient liquidity, the company always has reliable information about the value of its shares, so there is no need to involve an independent appraiser.</p> <p>Clause 3 of principle 7.2.2 continues to be violated.</p> <p>In its activities the company is guided by the norms of Article 83 of the Federal Law "On Joint Stock Companies" containing an exhaustive list of the grounds according to which members of the Board of Directors are recognized as interested in transactions and cannot participate in voting on the approval of such transactions.</p> <p>Clause 8.10 of the Regulations on the Procedure for Convening and Holding Meetings of the Board of Directors of the Company establishes the obligation of the director to notify the Board of Directors if he has a conflict of interest in relation to any issue on the agenda prior to the discussion of the relevant issue, and Clause 8.11 of the said Regulation establishes the need to abstain from voting on the issues, in respect of which a member of the Board of Directors has a conflict of interest. The concept of "conflict of interest" is enshrined in the Regulations on the Procedure for Convening and Holding Meetings of the Board of Directors. The Company relies on the integrity and objectivity of each member of the Board of Directors in approving interested party transactions and leaves decision making on these issues within their personal responsibility.</p> <p>In 2022 all three transactions submitted for consideration by the Board of Directors in September (Minutes No. 15/22 dated September 29, 2022) were approved by the current members of the Board of Directors unanimously, 8 of which were independent directors, one member of the Board of Directors resigned from the powers of a member of the Board directors and 2 were recognized as dependent members.</p> <p>In accordance with the requirements of the Federal Law "On Joint Stock Companies", PJSC «EL5-Energo» provides all persons who have the right to participate in the General Meeting of Shareholders with a report on the related-party transactions concluded in the reporting year on the basis of which shareholders can draw conclusions about the amounts and terms of transactions.</p>

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		<p>2. Internal documents of the Company stipulate a procedure for engagement of an appraiser for assessment of acquisition and reacquisition cost of Company shares.</p> <p>3. Should there be no formal interest of a member of the Board of Directors, sole executive body, member of a collective executive body, person controlling the Company or person authorized to give binding instructions to the Company, it is stipulated by internal documents of the Company that such persons shall not vote on approval of a transaction with conflict of interest or presence of their actual interest.</p>		

Annex 3. Information on specific transactions performed by the company and its controlled entities that are of significant importance to the company in 2022

APPROVED
BY RESOLUTION OF THE BOARD OF DIRECTORS
OF PJSC «EL5-ENERGO»
(MINUTES № __/23 DATED __.05.2023)

REPORT ON RELATED PARTY TRANSACTIONS CONCLUDED BY PJSC «EL5-ENERGO»⁴⁶ IN 2022

Insurance contract	
Significant terms and conditions	<p>Parties to the Contract: Policyholder – PJSC «EL5-Energo», Insurer – JSC «AlfaStrakhovanie».</p> <p>Subject of the Contract: In case of an insured event, Insurer shall pay the insurance indemnity according to the terms and conditions of the contracts and applicable law of the Russian Federation.</p> <p>Insurance Object: Insured Party's and/or insured individuals' property interests in connection with the liability according to the applicable law to compensate losses of third parties in case of an insured event.</p> <p>All Coverages:</p> <p>Cover A. Insured Person Liability. The insurer shall pay the loss of each insured person resulting from a claim against the insured person except for and to the extent that the company has indemnified the insured person.</p> <p>Cover B. Company Reimbursement. The insurer shall pay the loss of the company resulting from a claim against the insured person but only when and to the extent that the company has indemnified the insured person for the loss.</p>

⁴⁶ In this report the names of the following legal entities are given as of April 30, 2020: PJSC «EL5-Energo» (former PJSC Enel Russia), LLC Stavropol WPS (former LLC Enel Rus Wind Stavropolye, LLC Enel Rus Wind Generation), LLC Kola WPS (former LLC Enel Rus Wind Kola).

	<p>Cover C. Subsidiaries Directors Liability. The insurer shall pay the loss of the subsidiaries directors resulting from a claim against the director.</p> <p>Cover D. Representation at Investigations and Examinations. The insurer shall pay the investigations costs.</p> <p>Cover E. Special Excess Protection for Non-Executive Directors. The insurer shall pay the loss of each non-executive director resulting from a claim against the non-executive director.</p> <p>Cover F. Company Liability for Securities Claims. The insurer shall pay the loss of the company resulting from a claim against the company for any wrongful act committed by such company arising from securities claims.</p> <p>Insured Persons (Beneficiaries), including but not limited to:</p> <ul style="list-style-type: none"> – members of board of directors; – members of executive board; – general director of the Policyholder and its subsidiaries; – executive directors, heads of departments (functional directors) of the Policyholder and its subsidiaries; – statutory auditor, General Counsel or Risk Manager (or equivalent position) of the Policyholder and its subsidiaries. <p>Full list of insured persons is as per schedule and policy conditions of Directors & Officers Liability Insurance Policy. Annual insurance Premium: 10 894 600 RUB. Limit of Liability: 915 000 000 RUB aggregate, as well as 61 000 000 RUB for each independent director. Period of the Contract: November 10, 2022, to November 09, 2023.</p>
Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such	<p>Persons having an interest in transaction: members of the Board of Directors of PJSC «EL5-Energo», members of the Executive Board of PJSC «EL5-Energo», General Director of PJSC «EL5-Energo».</p> <p>The grounds on which persons having an interest in transaction are recognized as such: members of the Board of Directors of PJSC «EL5-Energo», members of the Executive Board of PJSC «EL5-Energo», General Director of PJSC «EL5-Energo» are the beneficiaries under the transactions.</p>
Management body that approved the transaction, No. and date of the Minutes	General Shareholders' Meeting of PJSC «EL5-Energo», Minutes № 1/22 dated June 7, 2022.

Additional agreement to Loan agreement	
Significant terms and conditions	<p>Parties to the Additional agreement: PJSC «EL5-Energo» – Creditor, LLC Stavropol WPS – Borrower.</p> <p>Subject of the Additional agreement: Loan provision to the Borrower by the Creditor to finance current activities and payments necessary for proper performance by the Borrower of its obligations under contracts with third parties.</p> <p>Additional loan amount under the Additional agreement: loans in the total amount not exceeding the ruble equivalent of 36 479 061,75 (thirty-six million four hundred seventy-nine thousand sixty-one), 75/100 EUR.</p> <p>Maximum amount of the Agreement including the Additional agreement: shall not exceed 3 502 300 000 RUB.</p> <p>Rate: 0 percent.</p> <p>Maturity date: not later than 20 years from the date of signing of each drawdown application.</p> <p>Other terms and conditions: The amount, the maturity date and other terms and conditions to be defined in each specific drawdown application within the above limits.</p>
Significant terms and conditions of a framework	<p>Parties to the Agreement: PJSC «EL5-Energo» – Creditor, LLC Stavropol WPS – Borrower.</p> <p>Subject of the Agreement: Loan provision to the Borrower by the Creditor.</p>

agreement or a previously concluded agreement	<p>Approved loan purpose: Loans are provided to the Borrower solely to finance certain activities of the Borrower related to the development and implementation of projects for the construction of wind generating facilities, in accordance with the purpose specified in the Loan agreement.</p> <p>Maximum loan amount: shall not exceed 400 000 000 RUB.</p> <p>Rate: 0 percent.</p> <p>Maturity date: The final maturity date for each separate tranche is not later than 10 years from the date of signing of each drawdown application.</p> <p>Other terms and conditions: The amount, the maturity date, repayment schedule, and other terms and conditions to be defined in each specific drawdown application within the above limits.</p>
Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such	<p>Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such: Enel S.p.A. shall be considered as the entity having interest in transaction since Enel S.p.A. is (i) the indirect controlling entity of LLC Stavropol WPS and (ii) the direct controlling entity of PJSC «EL5-Energo», as well.</p> <p>Participating interest of Enel S.p.A. in the authorized capital of PJSC EL5-Energo as of the date of the transaction: 56.43%.</p> <p>Participating interest of Enel S.p.A. in the authorized capital of LLC Stavropol WPS as of the date of the transaction: 0%, participating interest of PJSC «EL5-Energo» in the authorized capital of LLC Stavropol WPS is 100%.</p>
Management body that approved the transaction, No. and date of the Minutes	In accordance with the Charter of PJSC «EL5-Energo» no resolution to approve the transaction was adopted.

Contribution to the assets	
Significant terms and conditions	<p>Parties: PJSC «EL5-Energo» – the Sole Participant, LLC Kola WPS – the Company.</p> <p>Purpose: Contributions are provided for financing the activities connected with the construction of a wind farm of an estimated capacity of 200,97 MW in Murmansk region.</p> <p>The size of the transaction in monetary terms: 450 000 000 RUB.</p> <p>The total amount of the contributions to the assets of LLC Kola WPS, including previous transaction of contribution to the assets: 4 300 000 000 RUB.</p> <p>Additional terms and conditions: The contributions to the Company's assets shall not be a contribution to the Company's authorized capital and shall not change the size and the nominal value of the shares of the Company's participants in the Company's authorized capital.</p>
Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such	<p>Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such: PJSC «LUKOIL» shall be considered as the entity having interest in transaction since PJSC «LUKOIL» is (i) the indirect controlling entity of LLC Kola WPS and (ii) the direct controlling entity of PJSC «EL5-Energo», as well.</p> <p>Participating interest of PJSC «LUKOIL» in the authorized capital of PJSC EL5-Energo as of the date of the transaction: 56.43%.</p> <p>Participating interest of PJSC «LUKOIL» in the authorized capital of LLC Kola WPS as of the date of the transaction: 0%, participating interest of PJSC «EL5-Energo» in the authorized capital of LLC Kola WPS is 100%.</p>
Management body that approved the transaction, No. and date of the Minutes	Board of Directors of PJSC «EL5-Energo», Minutes № 10/21 dated June 28, 2021.

Contribution to the assets	
Significant terms and conditions	<p>Parties: PJSC «EL5-Energo» – the Sole Participant, LLC Kola WPS – the Company.</p> <p>Purpose: Contributions are provided for financing the activities connected with the construction of a wind farm of an estimated capacity of 200,97 MW in Murmansk region.</p> <p>The size of the transaction in monetary terms: 2 100 000 000 RUB.</p> <p>The total amount of the contributions to the assets of LLC Kola WPS, including previous transaction of contribution to the assets: 3 400 000 000 RUB.</p>

	Additional terms and conditions: The contributions to the Company's assets shall not be a contribution to the Company's authorized capital and shall not change the size and the nominal value of the shares of the Company's participants in the Company's authorized capital.
Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such	Persons having an interest in transaction and the grounds on which persons having an interest in transaction are recognized as such: Enel S.p.A. shall be considered as the entity having interest in transaction since Enel S.p.A. is (i) the indirect controlling entity of LLC Kola WPS and (ii) the direct controlling entity of PJSC «EL5-Energo», as well. Participating interest of Enel S.p.A. in the authorized capital of PJSC EL5-Energo as of the date of the transaction: 56.43%. Participating interest of Enel S.p.A. in the authorized capital of LLC Kola WPS as of the date of the transaction: 0%, participating interest of PJSC «EL5-Energo» in the authorized capital of LLC Kola WPS is 100%.
Management body that approved the transaction, No. and date of the Minutes	Board of Directors of PJSC «EL5-Energo», Minutes № 10/21 dated June 28, 2021.

General Director

A. Tnalin

INFORMATION ON MAJOR TRANSACTIONS PERFORMED BY THE COMPANY IN 2022

The company did not perform major transactions in 2022.

INFORMATION ON THE MOST MATERIAL TRANSACTIONS⁴⁷ PERFORMED BY THE CONTROLLED ENTITIES THAT ARE OF SIGNIFICANT IMPORTANCE TO THE COMPANY IN 2022

The controlled entities that are of significant importance to the company did not perform material transactions in 2022.

Annex 4. Key Performance Indicators

Key performance indicators of the General Director for 2022

Target description		Weight, %
1.	Net income	25
2.	OPEX	20
3.	FFO (change in Net debt before dividends paid, extraordinary items, Gross Capex and FX on Net debt)	15
4.	Business targets are determined based on the tasks assigned to the key manager	20
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Deputy General Director – Head of Generation for 2022

Target description	Weight, %
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⁴⁷ The materiality criterion for transactions is determined in accordance with the Bank of Russia Regulation No. 714-P dated March 27, 2020 (as revised on September 30, 2022) «On Disclosure of Information by Issuers of Equity Securities», as in effect at the time this Annual Report is approved.

1.	Net income	20
2.	OPEX	20
3.	FFO (change in Net debt before dividends paid, extraordinary items, Gross Capex and FX on Net debt)	20
4.	Business targets are determined based on the tasks assigned to the key manager	20
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Deputy General Director – Head of Administration, Finance and Control for 2022

Target description		Weight, %
1.	Net income	25
2.	OPEX	20
3.	FFO (change in Net debt before dividends paid, extraordinary items, Gross Capex and FX on Net debt)	15
4.	Business targets are determined based on the tasks assigned to the key manager	20
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Deputy General Director – Head of HR and Organization for 2022

Target description		Weight, %
1.	Net income	20
2.	Average personnel costs	30
3.	Business targets are determined based on the tasks assigned to the key manager	30
4.	Health and Safety	15
5.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Head of Energy Management for 2022

Target description		Weight, %
1.	Gross margin	20
2.	Business targets are determined based on the tasks assigned to the key manager	20

3.	FFO (change in Net debt before dividends paid, extraordinary items, Gross Capex and FX on Net debt)	20
4.	Business targets are determined based on the tasks assigned to the key manager	20
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Head of Legal & Corporate Affairs for 2022

Target description		Weight, %
1.	Net income	20
2.	OPEX	20
3.	Business targets are determined based on the tasks assigned to the key manager	20
4.	Business targets are determined based on the tasks assigned to the key manager	20
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators of the Deputy General Director – Head of Security for 2022

Target description		Weight, %
1.	Net income	20
2.	OPEX	15
3.	FFO (change in Net debt before dividends paid, extraordinary items, Gross Capex and FX on Net debt)	15
4.	Business targets are determined based on the tasks assigned to the key manager	30
5.	Health and Safety	15
6.	Absence of any fatal accidents among the employees of the company and its contractors	5
	Total	100

Key performance indicators established by the Long-Term Incentive Plans in the company for 2019–2021, for 2020–2022, 2021–2023

№	Key Performance Indicator (KPI)	Weight of the indicator, %
1.	Total return of the company's shareholders as compared to the benchmarking group (TSR*)	60
2.	The company's average annual EBITDA margin for the period of the Plan	40
	Итого	100

* The "Total return of the shareholders" indicator is calculated as:

$$\frac{\text{share price at the end of the period} - \text{share price at the beginning of the period} + \sum \text{dividends for the period of the plan} / \text{number of shares}}{\text{share price at the beginning of the period}}$$

Contact:

Direction	Contact persons
Corporate governance	Ryabchinskaya Oxana Oxana.Ryabchinskaya@EL5-energo.ru
Investor relations	Kalinin Ilya Ilya.Kalinin@EL5-energo.ru
Sustainability	Shipitsyna Maria Glukhova Ekaterina Timoshkova Natalia Sustainability.Russia@EL5-energo.ru
Media Office	Svetlichnaya Maria, Ivashetskaya Elena media@el5-energo.ru

Company

Full name: Public Joint-Stock Company «EL5-Energo»

Short name: PJSC«EL5-Energo»

Previous names: Open Joint-stock Company Fifth Generation Company of the Wholesale Electricity Market (OJSC OGC-5); Open Joint-Stock Company Enel OGC-5 (OJSC Enel OGC-5); Open Joint Stock Company Enel Russia (OJSC Enel Russia); Public Joint-Stock Company «Enel Russia» (PJSC «Enel Russia»)

Location of the company: Yekaterinburg

Company address: ul. Khokhryakova, 10, Yekaterinburg, Sverdlovsk Oblast, Russian Federation 620014. Postal address: 7 Pavlovskaya Str., bldg. 1, Moscow 115093, Russia

Phone: +7 (495) 539-31-31

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E-mail address: office.russia@el5-energo.ru Web site where information about the company is presented: <https://www.el5-energo.ru/en/>

Branch PJSC «EL5-Energo»

Branch Central Office: 7 Pavlovskaya Str., bldg.1, 115093 Moscow, Russian Federation

Branch Konakovskaya GRES: 12 Promyshlennaja Str., 171252 Konakovo, Tver Region, Russian Federation.

Branch Nevinnomysskaya GRES:2, Energetikov Str. 357107 Nevinnomyssk, Stavropol Territory, Russian Federation. Branch Sredneural'skaya GRES: 2 Lenina Str., 624070 Sredneural'sk, Sverdlovsk Region, Russian Federation.

Registrar

Full name: Joint Stock Company Independent Registrar Company R.O.S.T.

Short name: JSC IRC-R.O.S.T.

Location: 18 Stromynka Street, building 5B, premises IX, Moscow 107076, Moscow

Phone: +7 (495) 989-76-50, +7(495) 780-73-63

Website: <http://rrost.ru/>

Auditor

Full company name: Joint Stock Company Kept

Abbreviated company name: JSC Kept

Location: 10 Presnenskaya Embankment, tower of BC Tower on the Embankment, block C, Moscow, 123112 Russia

TIN: 7702019950

OGRN: 1027700125628

Phone: 8 (495) 937-4477

Fax: 8 (495) 937-4499

E-mail address: moscow@kept.ru

Data on the auditor's membership in self-regulating organizations of auditors:

Full name: Self-regulating organization of auditors Association "Sodruzhestvo" (SRO AAS)

Location: 21 Michurinsky Avenue, bldg 4, Moscow, 119192 Russia.

Glossary

OGK-5 JSC, OJSC Enel OGK-5, OJSC Enel Russia, PJSC Enel Russia, PJSC«EL5-Energo», EL5-Energocompany, Issuer — Public Joint-Stock Company «EL5-Energo».

Group, group of company, group of PJSC «EL5-Energo» - PJSC «EL5-Energo», , JSC Teploprogress, LLC Azov WPS (former name LLC Enel Rus Wind Azov), LLC Kola WPS (former name LLC Enel Rus Wind Cola), LLC Stavropol WPS (former name LLC Enel Rus Wind Stavropolye), LLC EL5-Finance (former name LLC Enel Rus Finance).

Headquarters (HQ) — Branch Headquarters, PJSC «EL5-Energo»

Konakovskaya GRES (KGRES) — Branch Konakovskaya GRES PJSC «EL5-Energo»

Nevinnomysskaya GRES (NGRES) — Branch Nevinnomysskaya GRES PJSC «EL5-Energo»

Reftinskaya GRES (RGRES) - depending on the context branch Reftinskaya GRES power plant of PJSC «EL5-Energo» , or the property constituting Reftinskaya GRES, in its respect the sales transaction was completed

Sredneuralskaya GRES (SUGRES) — branch Sredneuralskaya GRES PJSC «EL5-Energo».

Charter – Charter of PJSC «EL5-Energo», approved by the decision of the repeated Extraordinary General Shareholders Meeting, minutes № 2/22 dated 25.11.22 (unless otherwise specified in the context of this report).

Regulation on the order of preparation and holding the General Shareholders' Meeting - Regulation on the order of preparation and holding the General Shareholders' Meeting of PJSC «EL5-Energo», approved by decision of the annual General Shareholders Meeting, minutes № 1/21 dated 08.06.21.

Regulation on the procedure for convening and holding of meetings of the company's Board of Directors - Regulation on the procedure for convening and holding of meetings of the company's Board of Directors, approved by decision of the annual General Shareholders Meeting of PJSC Enel Russia, minutes № 1/20 dated 19.06.2020.

Regulation on the Committees of the Board of Directors - Regulation on the Committees of the Board of Directors of PJSC Enel Russia, approved by decision of the Board of Directors, minutes № 19/22 dated 5.12.2022

Regulation on Corporate Secretary - Regulation on Corporate Secretary of PJSC Enel Russia, approved by decision of the Board of Directors, minutes No. 8/16 dated 29.09.2016

Regulation on the Executive Board – Regulation on the Executive Board of PJSC Enel Russia, approved by decision of the General Shareholders Meeting of PJSC Enel Russia, minutes No. №1/20 dated 19.06.2020

Internal Control and Risk Management Policy - Internal Control and Risk Management Policy, approved by decision of the Board of Directors of PJSC Enel Russia, minutes № 14/18 dated 21.12.18.

Regulation on Internal Audit Department - Regulation on the Internal Audit Department of PJSC Enel Russia, approved by decision of the Board of Directors of PJSC Enel Russia, minutes № 13/22dated 28.07.2022

Regulation on payment of remunerations and compensations to the members of the Board of Directors and Committees of the Board of Directors - Regulation on payment of remunerations and compensations to the members of the Board of Directors and Committees of the Board of Directors approved by the annual General Shareholders' Meeting of PJSC Enel Russia, minutes № 1/19 dated 18.06.2019

The policy for remuneration and reimbursement of expenses (compensation) of the members of executive bodies and other key managers - Policy on remuneration and reimbursement of expenses (compensations) of the members of the executive bodies and other key managers of Public Joint Stock Company Enel Russia approved by the Board of Directors of PJSC Enel Russia, minutes № 13/22 dated 28.07.22

Regulation on Dividend Policy - Regulation on Dividend Policy approved by the decision of the Board of Directors of PJSC Enel Russia. minutes № 12/21 dated 30.09.21

Regulation on the Information Policy - Regulation on information policy of PJSC «EL5-Energo».approved by the decision of the Board of Directors, minutes № 20/22 dated 09.12.2022

Code of Ethics - Code of Ethics approved by the decision of the Board of Directors, minutes № 02/22 dated 10/02/2022

Guidelines on the Anti-corruption Management System - Guidelines on the Anti-corruption Management System at PJSC Enel Russia, approved by the General Director, version № 2 dated 01.09.2022.

ASM - ancillary service market

JSC ATS - Joint Stock Company Administrator of the Trade System of the Wholesale Electricity Market

NPP - nuclear power plant

JSC SPIMEX - Saint Petersburg International Mercantile Exchange

BM - balancing market

RES - renewable energy sources

HV line - high voltage power transmission line

WHSE - selection of the composition of the included generating equipment

WEP - wind turbine

WPP- wind power plant

GRES - state regional power plant

HPP - hydro-electric power plant

CSA - Capacity Supply Agreements

UES - Unified Energy System

Corporate Governance Code — The Corporate Governance Code recommended for application by letter of the Bank of Russia № 06-52/2463 dated 10.04.2014

KOM - competitive power takeoff

KOMMod is capacity auction in the wholesale market that was introduced by Decree of the Government of the Russian Federation No. 43 "On selection of projects for modernization of generating facilities of thermal power plants" dated January 25, 2019, a new mechanism for trading capacity was introduced in the wholesale market stimulating investment in the modernization of generating facilities of thermal power plants.

VOC - volatile organic compounds

KPI - key performance indicators

CDS - system "Corporate data storage"

IFRS - international financial reporting standards

NGO - non-governmental organisation

NCO-operative dispatch management

UN - United Nations

WEM - wholesale electricity market

UES-unified energy system

GHG - greenhouse gases

PC – personal computer

PS – substation

RF - Russian Federation, Russia

RC - regulated contracts

RAS - Russian Accounting Standards

DAM - day ahead market

I-REC Certificate - is a documented entry by an accredited institution in the I-REC register on the fact of power generation by certain RES.

IPS - Interconnected Power System

Media - mass media

CHPP combined heat and power plant

TPP - thermal power plant

GMM - system "Generation Management and Market"

Control room - remote control room

FZ - Federal law

SDG - Sustainable Development Goals UN

SZEDO-system of legally significant electronic document management

COBIT – Control Objectives for Information and Related Technologies

COSO - The Committee of Sponsoring Organizations of the Treadway Commission

ESG - Ecology, Social Responsibility and Corporate Governance

GRI - global reporting initiative

LTIFR- lost time injury frequency rate

TCFD - task force on climate-related financial disclosures

Financial terms

EBITDA – analytical indicator calculated as «Operating profit» plus «Depreciation and amortisation of property, plant and equipment and intangible assets», «Allowance for expected credit losses of trade and other receivables» (all data taken from audited IFRS financial statements)

EBIT from ordinary activities - is an analytical indicator equal to operating profit adjusted for transactions not attributable to the company's ordinary activities. In this report, as an adjustment for the years 2021 and 2022, the amount of loss from impairment of property, plant and equipment is excluded from profit from operating activities and the amount of provision related to penalties for delayed commissioning of wind power plants is also excluded.

Net profit from ordinary activities - is an analytical indicator equal to profit for the reporting period adjusted for transactions not attributable to the company's ordinary activities, inclusive of tax. In this report, as an adjustment for the years 2021 and 2022, the amount of impairment loss on property, plant and equipment and the amount of provision related to penalties for delayed commissioning of wind power plants are excluded from profit from operating activities.

Measurement Units:

kWh (kilowatt·hour), MWh (megawatt·hour), GWh (gigawatt·hour), TWh (terawatt·hour) - units of measurement of generated electric power

kW (kilowatt), MW (megawatt), GW (gigawatt) - units of measure of electrical power
Gcal (gigacalorie) - heat measurement unit

Gcal/h (gigacalorie/hour) - heat output measurement unit