

Appendix 1
to resolution of the Board of Directors
of PJSC “Rosseti Lenenergo”
of July, 04 2023 (Minutes No. 4 of July 07, 2023)

PUBLIC JOINT STOCK COMPANY “ROSSETI LENENERGO”

CORPORATE POLICY

PK-14-001-2023

Risk Management and Internal Controls Policy

Version 1

Saint Petersburg
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1. Terms, definitions and abbreviations

1.1. This Policy uses the following key terms and definitions:

Internal control: a process administered by the Board of Directors, the Audit Committee, and executive bodies and employees of the Company across all levels, designed to provide reasonable assurance that the Company maintains:

- efficient and productive operations, including the achievement of financial and operational targets, and asset safety;
- fair, complete and timely presentation of annual accounting (financial) statements and other reports; and
- compliance with the applicable laws and regulations, and corporate regulations of the Company,

Risk owner: a person (First Deputy CEO, Deputy CEOs, directors, heads of divisions) authorized with and responsible for risk management.

Rosseti Group (Rosseti companies): PJSC “Rosseti” and its Subsidiaries.

Subsidiaries: Company’s subsidiaries.

Risk source (risk factor): a thing, situation or action which, individually or jointly, may pose risk.

Internal controls: practices and activities to prevent and identify inconsistencies, errors and abuses, and provide reasonable assurance that the risk response is efficient, timely and consistent to minimize the risk to an acceptable level.

Company: PJSC “Rosseti Lenenergo”.

Risk Management and Internal Controls: Company’s division responsible for coordinating the Company’s risk management and internal control action and for providing the related guidance.

The Risk Management and Internal Controls team may also be responsible for monitoring or helping to oversee specific business operations of segments exposed to significant risks, when so prescribed by the Risk Management and Internal Controls Regulations and/or decided by the Company’s management bodies.

Policy: Risk Management and Internal Controls Policy of PJSC “Rosseti Lenenergo”.

Risk implications: the impact of an event meeting the objectives.

Risk appetite: the maximum acceptable risk level acceptable to the Company while it seeks to achieve its objectives, that the Company is willing to maintain.

Risk register: documented information about the identified risks.

Risk: the impact of uncertainty on the achievement of objectives set. The impact of uncertainty means not delivering an expected result. Uncertainty may be positive or negative, and may cause opportunities or threats to occur. Objectives may have different aspects or categories and may be set at different levels. Risk is often expressed in terms of its sources, potential events, implications and likelihood.

Risk Management and Internal Control System (hereinafter, Risk Management and Compliance System): a set of corporate practices, methods, procedures, corporate culture rules and efforts taken by the Company to ensure the best possible balance between the Company's value growth, profitability and risks, and to drive financial sustainability of the Company, efficient business operations, asset safety, compliance with the law, the articles of association and the Company’s regulations, and preparation of timely and fair reports.

Risk management: aligned and risk-based activities to govern, control and manage the Company.

1.2. To ensure consistent understanding of all risk management and internal control aspects and efficiently implement this Policy, the Company uses a list of terms (the Glossary of Risk Management and Internal Controls) approved by the Company's executive document.

2. General Provisions

2.1. This Policy defines the key principles of managing and implementing the Risk Management and Compliance System and sets out consistent approaches to building the Risk Management and Compliance System in the Company.

2.2. This Policy sets out:

- goals and objective of the Risk Management and Compliance System;
- operating principles of the Risk Management and Compliance System;
- Risk Management and Compliance System actors, distribution of powers and responsibilities, and interaction between the actors;
- Risk Management and Compliance System performance assessment methods,
- other approaches to the Risk Management and Compliance System management.

2.3. This Policy aims to make sure that the Company has in place and maintains a viable and effective Risk Management and Compliance System complying with the generally accepted risk management and internal controls practices and standards, and the requirements of regulatory and supervisory authorities, and contributes to the achievement of the Company's objectives.

2.4. This Policy relies on the requirements of the current Russian law, recommendations of international and national risk management and internal control standards, corporate regulations of the Company, and best risk management and internal control practices.

2.5. Risk Management and Internal Controls are a consolidated system that is integrated into the Company's business process and are always part of the Company's core activities and business processes. Integration of risk management and internal controls into the Company operations is set to improve the efficiency of implementing the Rosseti Group Strategy and achieve the Company's objectives.

2.6. This Policy covers all risk management and internal controls actors as set out in section 5 hereof.

2.7. This Policy is a framework for the development of guidelines and executive documents governing the aspects of application of the Risk Management and Compliance System across all levels of management and describing the Risk Management and Internal Controls practices and tools.

2.8. This Policy with any of its amendments is subject to the approval by the Board of Directors.

Proposals regarding updating this Policy shall be prepared by the Risk Management and Internal Controls team.

Amendments to this Policy may be proposed/caused to be made by the Board of Directors, the competent Committee of the Board of Directors, other committees of the Board of Directors to the extent of their competence, the Internal Audit Board, or the executive bodies of the Company. This Policy may be amended when necessary due to changes in the Russian law, or international or national risk management and internal control standards, or corporate and functional structure, or due to further evolution and improvement of the Risk Management and Compliance System, external assessment of the Risk Management and Compliance System efficiency, or other material changes in the Company's operating environment.

3. Goals and Objectives of the Risk Management and Compliance System

3.1. The Risk Management and Compliance System seeks to provide reasonable assurance of achieving the objectives set by the Company and the Rosseti Group Development Strategy, including to secure reliable, quality and affordable power supply to consumers and the Company's financial and business targets.

3.2. The Risk Management and Compliance System objectives include:

- ensure cost-effective operation of the Company, lean distribution and use of resources, and asset safety;
- ensure complete, reliable, accurate and timely preparation, submission/presentation of information and all type of accounts and reports required by the applicable law and corporate regulations of the Company;
- ensure compliance with the law applicable to the Company operations and the Company's regulations;
- ensure environmental safety, safety of employees and third parties in the course of operations;
- support the process of identification, analysis and assessment of risks across all management levels, and efficient risk management;
- develop and implement efficient risk management practices to mitigate risks posed by the Company operations to a level not exceeding the risk appetite;
- efficiently prevent, identify and eliminate any abuses in the course of financial and business operations;
- protect the interests of the Company, counter unfair practices of the Company's employees and third parties;
- develop a risk-oriented corporate culture in the Company;
- ensure an appropriate information environment for managing efficient risk management and internal controls, and balanced managerial decision-making.

3.3. Risk Management and Compliance System goals and objectives may change as the risk management and internal controls process improves.

3.4. The Risk Management and Compliance System seeks to provide reasonable assurance of achievement of the Company's objectives, however it cannot give an absolute guarantee due its limited implementation. The efficiency of the Company's Risk Management and Internal Controls may be affected by all or any of the following constraints:

- exposure to risks which the Company cannot or almost cannot influence, as the Risk Management and Compliance System cannot provide reasonable assurance when the Company's activities are materially affected by external events;
- partiality of judgment: risk decisions are made relying on human judgment, based on time constraints and available information which may be misrepresented by employees and affected by internal and external pressure (deadlines, requirements, key performance indicators);
- corporate governance limitations framework, when a number of corporate governance matters are beyond the scope of the Risk Management and Compliance System, but

directly affect its implementation;

- the Risk Management and Compliance System failures which may result both from incorrect interpretation of the law or corporate regulations by the Risk Management and Compliance System actors or mistakes committed by employees due to negligence or lack of competence;
- knowing failure to comply with the Risk Management and Compliance System by knowingly acting to conceal (misrepresent) data about risks and risk management efforts, failure to take risk management activities, and/or act improperly otherwise; and
- personal liability (other than under the Russian law) of the Company's managers and employees for implementing significant projects is not set out in the Company's regulations.

4. Principles of the Risk Management and Compliance System

4.1. The Risk Management and Compliance System is developed and operates based on the uniform principles that are adhered to and complied with by the Company's governing bodies and employees at all levels, including.

4.2. Continuity and Consistency

Risk management and internal control are continuous ongoing processes at the Company. All types of risks are managed across all key areas of activities in a systematic, regular, and consistent manner.

4.3. Strategic and Operational Goals

The Risk Management and Compliance System facilitates achievement of the objectives set by the strategic and operational planning documents, such as the Long-Term Development Program, Business Plan, etc.

4.4. Part of the Integrated System

The Risk Management and Compliance System is integrated into the decision making process across all management levels. The Risk Management and Compliance System contributes to making reasonable decisions based on the analysis of available information on the probability and consequences of the decisions made and possible alternatives to such decisions.

4.5. Rosseti Guidelines and Methods

In managing the Risk Management and Compliance System the Company uses the consistent approaches adopted by the Rosseti Group.

4.6. Reasonable Assurance

The activities implemented as part of the Risk Management and Compliance System seek to provide a substantially high, however not an absolute guarantee of achieving the Company's objectives.

4.7. Adapting to External and Internal Factors

The Risk Management and Compliance System operates and evolves taking account of the external and internal environment factors.

4.8. Efficiency

The Risk Management and Compliance System is based on the principle of efficiency (productivity and economy) of risk management and internal controls practices, i.e. achieving the Company objectives using the minimum resources (economy) and/or achieving the best performance of the

Company using the established amount of resources (productivity).

4.9. Records

Key risk management and internal controls practices are reasonably and sufficiently documented and formalized to ensure efficient performance of the Risk Management and Compliance System.

4.10. Dynamic System

Risk management and internal controls in the Company is a dynamic and responsive process.

4.11. Quality Information

The Risk Management and Compliance System is implemented relying on the best available information. However, in making decisions, allowance should be made for the quality of information used, limitations and assumptions of the data sources or the risk modelling and assessment methods, and potential partiality of expert judgement.

4.12. Risk-based Action

The Risk Management and Compliance System priorities and resource allocation depend on the risk materiality.

4.13. Accountability

The Risk Management and Compliance System actors are accountable for identifying, assessing, analyzing and continuous monitoring of risks in their activities; developing, adopting and applying appropriate risk management and internal controls practices to the extent of their competence; and continuous monitoring of risk management and internal controls efficiency.

4.14. Distribution of Roles and Duties

Roles and duties of the Risk Management and Compliance System actors are distributed so as to exclude any conflict of interest and minimize the probability of errors, corruption risks or other offenses.

4.15. Cross-Functional Interaction

Risk management and internal controls cover a number of business processes, or the activities of various divisions rely on decisions made jointly on the basis of information available to various divisions, taking account of the opinions of all stakeholders.

4.16. Ongoing Improvement

Rosseti Group ensures ongoing evolution and improvement of the Risk Management and Compliance System taking account of new tasks and changes in the internal or external environment.

5. Actors

5.1. The Risk Management and Compliance System actors include:

- Board of Directors;
- Committees of the Board of Directors;
- Internal Audit Board;
- executive bodies (Management Board, CEO);
- Risk owners;
- Heads of divisions;

- Risk Management and Internal Control team; and
- Internal Audit team.

5.2. Duties are distributed among the Risk Management and Compliance System actors as follows:

5.2.1. Board of Directors:

- defines the principles and approaches to managing the risk management and internal controls, including approves regulations defining the Risk Management and Internal Controls Policy;
- approves the risk appetite;
- considers information on the material (key) risks;
- reviews the annual report of the executive bodies on the management, implementation and efficiency of the Risk Management and Compliance System, assesses the system performance and advises on its improvement;
- annually reviews the findings of the reliability and efficiency assessment of the Risk Management and Compliance System by the Internal Audit; and
- reviews the findings of an external independent efficiency assessment of the Risk Management and Compliance System.

5.2.2. Committees of the Board of Directors, to the extent of their competence, review information on material (key) risks and pre-review and submit the issues of the Risk Management and Compliance System implementation to the Board of Directors meeting. The tasks of the Board committees are defined by the respective committee Regulations approved by the Board of Directors.

5.2.3. Based on the audit findings, the Internal Audit Board prepares proposals/recommendations for improvement of the Risk Management and Compliance System.

5.2.4. The executive bodies (Management Board, CEO) contribute to the development and implementation of an efficient Risk Management and Compliance System, and report, on a regular basis, to the Board of Directors on the development and implementation of an efficient Risk Management and Compliance System.

5.2.4.1. Management Board:

- approves the risk register and risk management action plan; and
- reviews risk management reports, gives recommendations, as necessary, on improving and monitoring the risk management and internal controls.

5.2.4.2. CEO:

- creates and maintains the adequate control framework for the Risk Management and Compliance System to perform efficiently in the ordinary course of business;
- approves Risk Management and Compliance System regulations, including risk management and internal controls practices, and the Risk Management and Compliance System development program, other than the regulations subject to approval by the Board of Directors;
- distributes risk management and internal control powers, duties and responsibilities between the Company's officers;

- ensures implementation of the Board of Directors' decisions in respect of management and performance of the Risk Management and Compliance System.

5.2.5. Risk owners:

- ensure implementation of the principles of the Risk Management and Compliance System;
- in due time develop, implement, monitor and manage risk management activities;
- in due time develop, implement, monitor and manage the controls;
- in due time inform the executive bodies of the outcomes of risk management activities; and
- interact with the Risk Management and Internal Controls in respect of risk management documents and reports.

5.2.6. Division teams:

- identify and assess risks and timely report new risks to immediate supervisors;
- timely and fully perform controls and risk mitigation activities;
- develop and update risk management activities;
- based on the identified risks, develop and implement new or update existing controls; and
- assess (self-assess) the processes (areas of activities) to identify whether they are to be optimized to improve the Risk Management and Compliance System and meet the changing conditions of the external and internal environment, propose improvements of the Risk Management and Compliance System.

5.2.7. Risk Management and Internal Controls team:

- coordinates risk management and controls system;
- organizes and provides employee training on risk management and internal controls;
- analyzes the risk portfolio and develops proposals for a risk management response strategy and resource reallocation;
- prepares risk reports;
- exercises day-to-day monitoring of the risk management process in the divisions;
- provides supervisory control of management and implementation of the Risk Management and Compliance System; and
- prepares and makes available to the executive bodies information about the management, implementation and efficiency of the Risk Management and Compliance System and other matters of this Policy.

The Risk Management and Internal Controls is independent of the divisions responsible for risk management and internal controls as part of their operations or operations of the Internal Audit.

5.2.8. Internal Audit:

- conducts internal independent assessment of reliability and productivity of the Risk Management and Compliance System and develops recommendations for efficiency and productivity improvement; and

- informs the executive bodies, the Audit Committee and the Board of Directors on the status of the Risk Management and Compliance System by annually submission of the findings of the Risk Management and Compliance System reliability and efficiency assessment.

The independence of the internal audit is ensured by separating the functional and administrative reporting lines within the Internal Audit.

5.2.9. The Risk Management and Compliance System is based on the “three lines of defense” model.

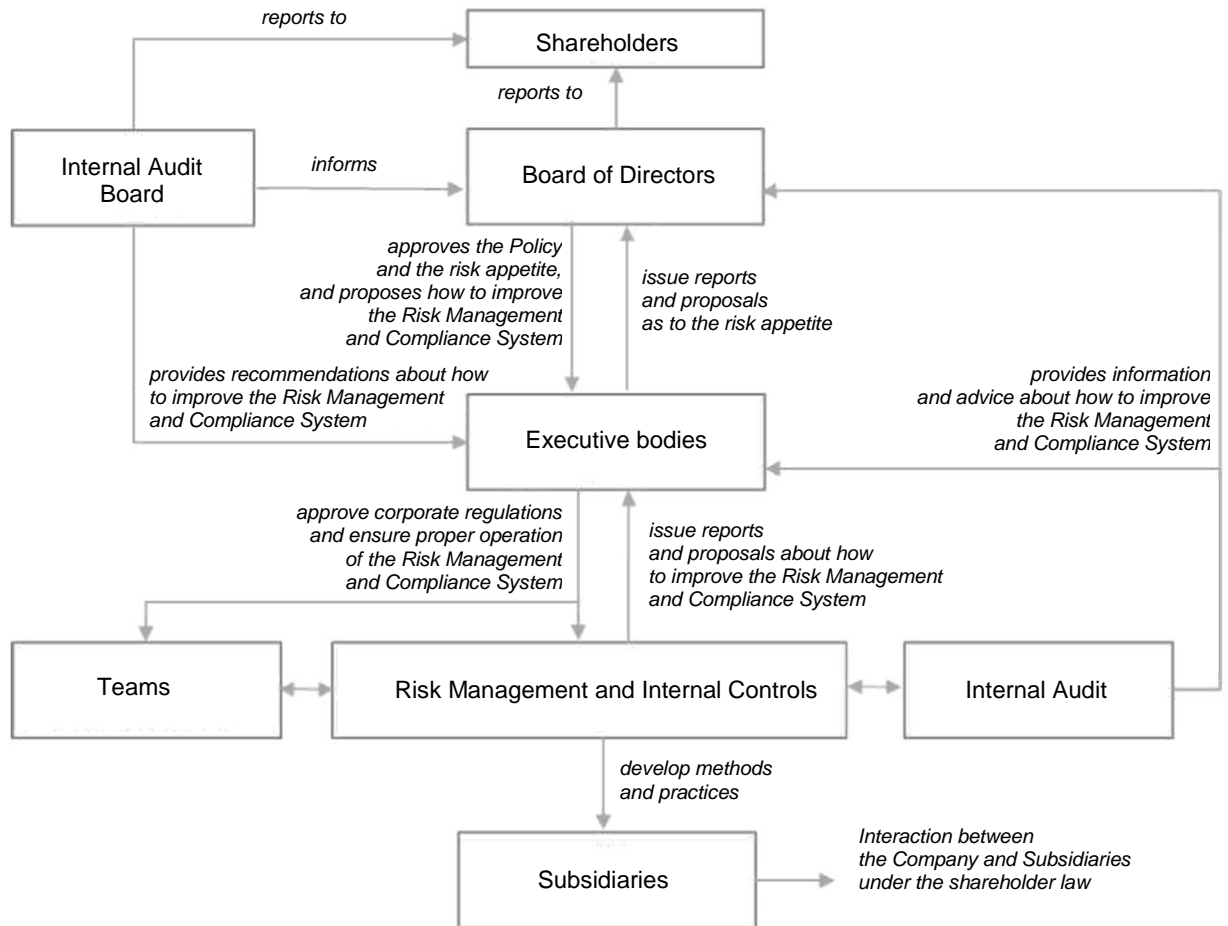
The model includes three levels of risk management and internal controls at the Group companies:

- the first “line of defense”: management bodies, sections and employees of the divisions responsible for risk management and internal controls due to their roles and job duties;
- the second “line of defense”: divisions monitoring or helping to oversee specific business operations of segments exposed to significant risks; and
- the third “line of defense”: Internal Audit

6. Interaction as part of the Risk Management and Compliance System

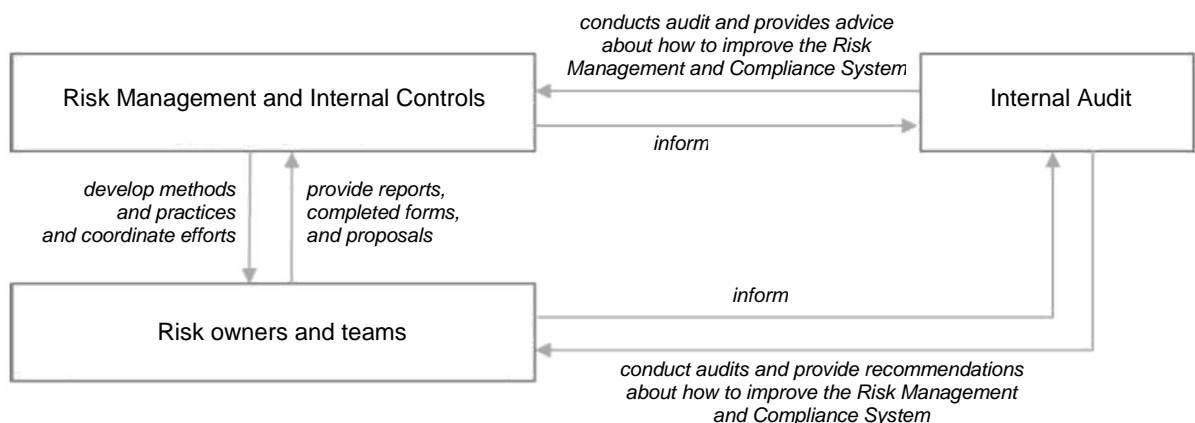
6.1. To facilitate internal information sharing and reporting tools, the Company fosters vertical and horizontal interaction between the Risk Management and Compliance System actors, and interaction with external stakeholders.

6.2. Interaction between the Risk Management and Compliance System actors at various levels (vertical interaction):



Vertical interaction within the Risk Management and Compliance System is based on this Policy and the Company’s regulations governing the operations of the actors.

Interaction between divisions (horizontal interaction):



Horizontal interaction as part of the Risk Management and Compliance System is based on this Policy and the Company’s regulations governing interaction procedures for Company's divisions in the process of risk management and internal controls.

6.3. Interaction between divisions as part of the Risk Management and Compliance System is to resolve cross-functional issues of risk management.

6.4. Interaction between the Risk Management and Compliance System actors and external stakeholders is based on the Company's regulations and executive documents, including those governing information policy and external communications.

7. Risk Appetite

7.1. The Company's risk-appetite is used to make decisions across all management levels and divisions of the Company.

7.2. The risk appetite defining and reviewing procedure is set out in an executive document approved by the Company as required.

7.3. It is the responsibility of Risk Management and Internal Controls to define and review the methods to set the level of risk appetite.

7.4. Risk appetite is approved by the Board of Directors.

7.5. Risk appetite indicators are the same for all Rosseti companies; individual risk appetite indicators may be adjusted depending on the nature of the Company operations.

8. Components of the Risk Management and Compliance System

8.1. The Risk Management and Compliance System is a set of interrelated components, including:

- Corporate governance and culture;
- Strategy and goal-setting;
- Operational efficiency;
- Revision and analysis; and
- Information, communications, and reporting.

8.2. Corporate governance and culture depend on the management bodies' approach to risk management and internal controls: understanding the importance, involvement and awareness of employees in risk management and internal controls, managing and maintaining an effective Risk Management and Compliance System.

Each component has an oversight framework, which is part of the Company's corporate culture. The oversight framework includes a set of standards, processes and activities used by the executive bodies to build and maintain efficient internal controls in the Company and ensure, across all management levels, the understanding of their importance for achieving the objectives.

The oversight framework should facilitate the achievement of the Risk Management and Compliance System objectives through:

- clear understanding by all Risk Management and Compliance System actors of their duties and powers, adherence to corporate and ethical values;
- building a corporate structure based on the Risk Management and Compliance System principles and ensuring the efficient distribution of responsibilities and authorities; maintaining qualifications and training of the employees; and
- independence and impartiality of internal audit.

8.3. The strategy and objectives set out the overall direction of the Company's development, and enable identifying and assessing risks and defining the risk appetite.

The Company adheres to vertical strategic planning approaches and relies on the development strategies of Rosseti companies as approved by the Board of Directors of PJSC "Rosseti" to set out:

- long-term objectives (with at least a 5-year planning horizon) approved by the Board of Directors in strategies and programs in accordance with the Company's Articles of Association; and
- business objectives approved in the Company's short-term and medium-term plans fostered by using internal controls.

The Company's operating environment where the Company seeks to achieve its objectives includes, among other factors:

- social, political, legal, regulatory, financial, economic, and technology environment;
- key factors and conditions of the power sector development; and
- Interaction with external stakeholders.

The Company's corporate environment under which the Company operates to achieve its objectives includes the culture (opinions and attitude) of the Company's management and employees towards risk management, reflects the Company's values, and influences its corporate culture, operating procedures and rules.

The internal environment includes, but is not limited to:

- corporate structure of management and distribution of powers;
- plans and programs setting out strategic and business objectives;
- resources and capital (including personnel, competencies, systems and technology);
- appropriate risk assessment tools and practices;
- information systems;
- corporate culture;
- standards and procedures; and
- risk appetite.

8.4. Efficient operation of the Company's fosters reasonable assurance in the strategy implementation and achievement of the objectives.

To achieve the objectives, the Company identifies, analyzes and assesses risks, responds to risks and implements controls.

8.4.1. Risk identification and analysis

Risk identification includes identification, definition and description of risks (including potential changes in the internal or external environment), risk causes and implications. Risks should be identified regardless of whether the Company can influence the cause or not. Risks are formalized as risk registers.

Risk analysis provides an input for risk assessment and risk management decisions and appropriate strategies and practices of risk management. Risk analysis includes reviewing risk factors, negative and positive implications, risk chain analysis, and identification of the risk level.

8.4.2. Risk assessment

Risks are assessed for each identified risk to define the risk materiality taking account of the potential implications and the probability of risk realization.

Risks are assessed by using the qualitative and quantitative approaches, or a combined approach. The applied risk materiality criteria are set out in the Company's regulations and executive documents.

Based on the risk identification and assessment outputs, a risk map is built to reflect the Company's risk profile and identify the most material risks.

8.4.3. Risk response

Risk response seeks to minimize the level of risks and risk implications, maintain the risk appetite, enhance opportunities in achieving the Company's objectives through the implementation of risk management activities. Risk response includes two phases:

- selection of a risk response method; and
- development and implementation of risk management activities.

The Company uses the following risk response methods:

- Risk avoidance: prevention or avoidance of a risk by refraining from certain actions, or divesting from assets with an unacceptable level of risk. Risk aversion as a method of risk coverage is used in exceptional cases and when the costs of risk treatment is too high or such treatment will not help mitigate the risk to an acceptable level, or when the risk cannot or cannot efficiently be transferred to a third party;
- Risk mitigation: risk treatment by limiting the probability of risk realization and/or mitigating the negative implications of risk realization;
- Risk transfer: transfer or partial transfer of risk to another party to minimize the negative impact of uncertainty on the achievement of the Company's objectives. It should be taken into account, however, that some risks are not always transferable;
- Risk acceptance: an informed decision to accept a certain risk. A decision to accept a risk may be made without the risk treatment or in the process of treatment. Accepted risks are subject to monitoring and review.

To respond to a specific risk, one or more of the above methods may be used.

To select a response method, consideration should be given to:

- risk materiality;
- impact on the risk probability and implications, potential emergence of new risks;
- costs of implementation of risk management activities and the effects received;
- availability of risk management competencies and capabilities; and
- compliance with the risk management and internal controls principles.

Risk management activities are methods of risk treatment seeking to retain and/or change the level of risk, developed taking account of the selected of risk response methods applicable to all material risks of the Company.

8.4.4. Controls

The Company develops and implements controls to foster achievement of the Risk Management and Compliance System objectives. The controls shall be implemented in accordance with the Company's regulations governing the control framework of the processes.

8.5. The analysis and revision of risk management and internal controls practices seeks to maintain the efficiency and improve the Risk Management and Compliance System: to update the risk information taking account of

changes in the external and internal environment, ensure proper implementation of control tools, compliance of the Risk Management and Compliance System with the law, the Company's regulations and objectives, and best risk management and internal controls practices.

Risk management and internal controls practices are analyzed and revised as part of the Risk Management and Compliance System monitoring to provide reasonable assurance that:

- all material risks are identified and fairly assessed taking into account the external and internal changes;
- risk management activities are designed for all material risks; the activities are performed in a timely manner and with high quality; and
- the controls are managed properly and ensure risk mitigation.

Monitoring of the risk management and efficiency of controls includes the assessment of reliability and efficiency of the Risk Management and Compliance System performance. Monitoring may be performed in the ordinary course of business, through regular inspections, or through combination of the methods.

Monitoring of risk management and efficiency of controls is carried out by the Risk Management and Compliance System actors on a regular basis (at least once a year) based on the Company's executive documents. As part of the monitoring, the external and internal environment factors are analyzed, risks and risk assessments reviewed, efficiency analyzed and risk management activities updated, and controls analyzed and updated as necessary.

8.6. Information, communication and reporting on the Risk Management and Compliance System seek to provide the actors with the information required to make informed and reasonable decisions and perform job duties.

Information sharing shall comply with the Risk Management and Compliance System principles and confidentiality requirements.

The list, content and time of submission of the Risk Management and Compliance System reports are set out in the Company's executive documents.

9. Managing the Risk Management and Compliance System

9.1. The Risk Management and Compliance System is managed so as to ensure comprehensive risk management taking account of the complex mutual influence of risk factors, risks and risk implications.

9.2. Building an effective Risk Management and Compliance System, regardless of the scale, type and nature of the Company's operations, is supported by adherence to the uniform principles of the Risk Management and Compliance System. The Risk Management and Compliance System in the Subsidiaries is managed based on the uniform group-wide principles and approaches taking account of the scale, type and nature of operations, corporate distinctions of the Subsidiaries, and contribution to the achievement of the Rosseti Group objectives.

9.3. The processes to ensure compliance with the anti-monopoly, anti-corruption, tax and other laws are integrated in the Company's internal controls and risk management processes and foster compliance with and prevention of violations of the law by the Company.

9.4. Risk management and internal controls improvement for certain type of operations is ensured

by allocating the key Risk Management and Compliance System subsystems which operation is governed by external regulations and/or documents approved by the Board of Directors:

9.4.1. Watching over the operation of electric network assets: the subsystem is designed to oversee the implementation of comprehensive programs aimed at improving the reliability and operating efficiency of electric grid facilities.

9.4.2. Watching over the development of electric network assets: the subsystem is designed for overseeing as part of the Company's investment activities and ensuring a balanced development of electric network assets.

9.4.3. Watching over the provision of power distribution and network connection services: the subsystem is designed to oversee the provision of reliable, quality and affordable power supply to consumers.

9.4.4. Financial and economic overseeing: the subsystem is designed to oversee financial and business activities of the Company, achieve financial and operational targets, ensure compliance with the tax Russian law.

9.4.5. Watching over the management and other processes: the subsystem is to oversee the management processes as part of strategic and corporate governance, digital transformation management, and other processes.

9.4.6. Watching over the HSE practices: the subsystem is to oversee compliance with laws and other occupation safety regulations by the Company employees and the procedures for investigating and recording accidents at work.

9.4.7. Controlling the corporate conduct: the subsystem is to oversee compliance with the Code of Ethics and Business Conduct and seeks to maintain the values, principles, regulations and rules of business ethics and the standards of conduct governing interactions in the team and with employees, business partners, government agencies, and the public.

9.4.8. Anti-corruption controls: the subsystem is designed to implement a set of activities to prevent corruption, mitigate corruption and reputation risks, and the risks of charging the Company with administrative liability.

9.4.9. Anti-monopoly compliance: the subsystem is designed to ensure compliance of the Company operations with the anti-monopoly Russian law and prevent abuses.

9.4.10. Watching over procurement: the subsystem is designed to ensure timely procurement procedures, ensure reasonable quality, quantity and price of goods and services, and compliance with the procurement law.

9.4.11. Watching over information security: the subsystem is designed to implement a set of activities to maintain integrity, availability and confidentiality of the Company's information resources. As part of the subsystem, compliance with the information security Russian law is overseen.

9.4.12. Watching over insider information: the subsystem is designed to implement a set of activities to counter the misuse of insider information and/or market manipulation.

9.5. The set of subsystems may be revised to reflect corporate changes or greater maturity of the Risk Management and Compliance System.

9.6. The Company has 3 levels of risk management and compliance documents:

- level 1 documents are adopted by decisions of the Board of Directors, set out general principles of management and implementation of the Risk Management and

Compliance System and apply to all actors (policies/strategies, etc.);

- level 2 documents describe interrelated processes and activities required for implementation of the Risk Management and Compliance System (rules/regulations, etc.);
- level 3 documents describe in detail specific activities of individual employees as part of the Risk Management and Compliance System (instructions/methods, etc.).

10. Efficiency assessment of the Risk Management and Compliance System

10.1. The Company, from time to time, assesses efficiency of the current Risk Management and Compliance System.

10.2. The Company uses the following methods to assess the efficiency of its risk management and compliance practices:

- self-assessment.
- internal independent assessment; and
- external independent assessment.

10.3. Self-assessment shall be conducted at least once a year:

- by respective divisions in business areas;
- the Risk Management and Internal Controls in terms of the Risk Management and Compliance System implementation.

10.4. Self-assessment findings are included in the annual report on management, implementation and efficiency of the Risk Management and Compliance System to be reviewed by the Board of Directors.

10.5. Internal independent assessment of reliability and efficiency of the Risk Management and Compliance System is done annually by the Internal Audit. Findings of the assessment of status, reliability and efficiency of the Risk Management and Compliance System are to be reviewed by the Board of Directors.

10.6. External independent assessment of efficiency of the Risk Management and Compliance System is done by an external independent advisor as decided by the Company's management bodies, depending on corporate changes and general level of evolution, reliability and efficiency of the Risk Management and Compliance System.

10.7. Findings of external independent assessment of effectiveness of the Risk Management and Compliance System are to be reviewed the Board of Directors.