

D&O Liability Insurance

Corporate Governance Code Recommendation 139⁴⁸ recommends companies, at their own expense, to insure the liability of the Board of Directors so that losses, incurred by the company or third parties due to activities of the Board of Directors members, may be reimbursed.

During the reported period, the Company has concluded a D&O Liability Insurance contract with AO SOGAZ (with preliminary examination of the item by the Board of Directors), under which the following risks are covered:

- risks of claims or demands, placed to the insured by third parties, related to reimbursement of losses caused by unintentional wrong actions of the insured in the realization of their managerial activities;
- risks of claims or demands, placed by third parties, related to reimbursement of losses on Company's securities.

The insured entities according to the insurance contract are the Company, individuals or corporates which were, are or shall be:

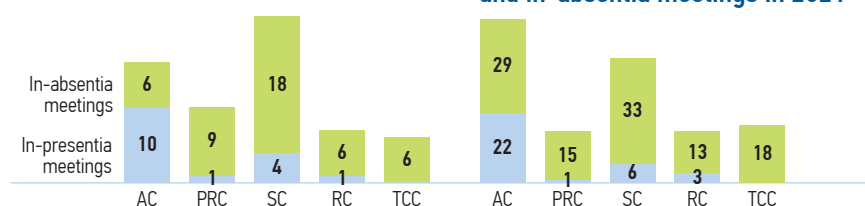
- a member of the Board of Directors, Supervisory Board or any other similar body, regardless of its title in any jurisdiction/country;
- the sole executive body (General Director), deputy sole executive body (First Deputy General Director, Deputy General Director), member of the Executive Board, Chief Accountant;
- other entities, stipulated by the insurance contract.

BOARD OF DIRECTORS COMMITTEES

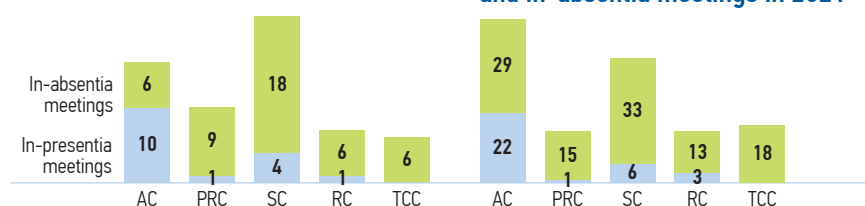
To enhance efficiency of the Board of Directors and investigate matters under its purview, the Board of Directors has established specialized functional consultative and advisory bodies — Board of Directors Committees. Primary goals of each Committee lie in preliminary examination of vital topics referred to the Board of Directors competence and in generation of recommendations used by the Board of Directors to decide on relevant aspects. If the Committees require counseling and advisory services with regard to aspects demanding specialized knowledge and skills, they are entitled to engage outside experts into examination process, relevant remunerations being paid from the Committees' budgets, approved by the Board of Directors, within allotted limits.

The Board of Directors structure comprises five permanent Committees — the Audit Committee, Personnel and Remunerations Committee, Strategy Committee, Reliability Committee and Technological Connection Committee. Any action or operation of these Committees is performed in strict compliance with the relevant Regulations stipulating the legal status, goals and objectives, rights and liabilities, structure and composition of the Committees as well as federal laws and enactments of the Russian Federation, Charter, Regulations on the Board of Directors, resolutions of the Board of Directors and Committees' Regulations.

In-presentia and in-absentia Committee meetings in 2021



Agenda items examined by the Committees on in-presentia and in-absentia meetings in 2021



During the reported period, the Committees scrutinized 140 agenda items during 61 meetings. Taking into account restrictions related to conduct of in-presentia meetings during COVID-10 pandemic, the Company actively held meetings via videoconferences. The share of in-presentia Committee meetings and share of agenda items reviewed during in-presentia meetings in 2021 totaled 24% and 30%, respectively. Find the exhaustive list of examined agenda items and wording of the Committees' resolutions at Committees of the Board of Directors Section the corporate web-site (Main/About us/Governing and Oversight Bodies/Committees of the Board of Directors).

The Audit Committee

The Committee was established to examine issues related to the oversight of Company's financial and economic operations. The Committee plays a key role in overseeing integrity, accuracy and reliability of financial reporting, accountability and efficiency of the system of risk management, internal control and corporate governance and in fostering independence and impartiality of internal and external audit.

Guided by:

- The Regulations on the Board of Directors' Audit Committee at IDGC of Urals⁵⁷;
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Audit Committee at IDGC of Urals⁵⁸.

Primary Objectives:

- review of Company's accounting (financial) statements and supervision over statements preparation process;
- supervision of reliability and efficiency of the systems of internal control and risk management and corporate governance practices;
- supervision of external audit and auditor selection;
- fostering of independence and impartiality of internal audit;
- supervision of efficiency of the system combating unfair practices of Company's employees and third parties.

Compositions of the Committee and members' attendance

Name	Composition 1 (18.12.2020– 18.07.2021)	Composition 2 (19.07.2021 – end of the reported period)	Attendance
A.V. Shevchuk	+	+	16/16 (100%)
R.A. Dmitrik	+	+	16/16 (100%)
I.A. Shagina	+	+	16/16 (100%)

Two independent directors with an expertise in the preparation, analysis, evaluation and audit of financial statements preparation serve on the Committee:

- A.V. Shevchuk, Executive Director at Association of Professional Investors, Chair of the Committee;
- R.A. Dmitrik, OOO ESIH' General Director.

Committee's 2021 progress report

During the reported period the Committee conducted 16 meetings (10 in-absentia meetings and 6 in-presentia meetings via VC), and examined 51 agenda items:

- 2 issues of Anticorruption monitoring — Examination of the 2020 and 1H2021 report on anticorruption monitoring outcomes (minutes No. 130 dated 20.04.21, No. 140 dated 24.12.21)
- 7 Administrative issues, incl. adoption of the Committee's CY2021–2022 activity plan (minutes No. 137 dated 14.09.21), engagement of the expert into the Audit Committee activities (minutes No. 136 dated 03.08.21)
- 19 issues of Internal audit, incl. examination of Internal Audit Department's activity plans and revisions to them (minutes No. 125 dated 19.01.21, No. 126 dated 22.01.21, No. 134 dated 18.06.21, No. 138 dated 26.10.21, No. 140 dated 24.12.21), Internal Audit Department's progress reports (minutes No. 126 dated 22.01.21, No. 128 dated 30.03.21, No. 135 dated 22.06.21, No. 138 dated 26.10.21, No. 140 dated 24.12.21)
- 3 issues of Internal control, incl. examination of the action plan to maintain efficiency and develop IC&RM system (minutes No. 133 dated 25.05.21), report on the rollout and functioning of the ICS (minutes No. 131 dated 27.04.21)

- 9 issues of Accounting (financial) statements, incl. examination of the Company's accounting statements (minutes No. 125 dated 19.01.21, No. 132 dated 30.04.21, No. 136 dated 03.08.21, No. 139 dated 28.10.21), written information from the external auditor and management (minutes No. 126 dated 22.01.21, No. 132 dated 30.04.21)
- 4 issues of External audit — Examination of an external auditor candidate, evaluation of the efficiency of external audit, specification of the fee due to the external auditor (minutes No. 131 dated 27.04.21, No. 134 dated 18.06.21, No. 136 dated 03.08.21)
- 7 other issues, incl. execution of assignments of the Board of Directors by the Audit Committee (minutes No. 134 dated 18.06.21), CY2020–2021 Committee progress report (minutes No. 134 dated 18.06.21), management's reports on the execution of remedial action plans (minutes No. 128 dated 30.03.21, No. 139 dated 28.10.21).

The Personnel and Remunerations Committee

The Committee was established by the Board of Directors to examine aspects related to shaping of efficient and transparent remunerations policy and practices; HR planning, professional composition and efficiency of executive bodies and other key officers of the Company.

Guided by:

- The Regulations on the Board of Directors' Personnel and Remunerations Committee at IDGC of Urals⁵⁹;
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Personnel and Remunerations Committee at IDGC of Urals⁶⁰.

Primary Objectives:

- preparation of recommendations regarding remunerations due to the Company's Board of Directors;
- elaboration of principles and criteria used to define remunerations due to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company, including management firm or director;
- generation of proposals used to define essence of the contracts concluded with the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company;
- identification of criteria used to select nominees to the Board of Directors, members of the collegiate executive body and person performing functions of the sole executive body of the Company as well as preliminary evaluation of the nominees;
- regular evaluation of the person performing functions of the sole executive body (management firm or director) and members of the collegiate executive bodies, and generation of reappointment proposals for the Board of Directors.

Compositions of the Committee and members' attendance

Name	Composition 1 (30.06.2020– 18.07.2021)	Composition 2 (19.07.2021 – end of the reported period)	Attendance
N.A. Ozhe	+	+	10/10 (100%)
N.K. Ozhegina	+	-	6/6 (100%)
V.A. Kapitonov	+	-	6/6 (100%)
M.G. Tikhonova	-	+	4/4 (100%)
I.A. Shagina	-	+	4/4 (100%)

Committee's 2021 progress report

During the reported period the Committee conducted 10 meetings (9 in-absentia meetings and 1 in-presentia meeting via VC), and examined 16 agenda items:

- 5 Administrative issues, incl. adoption of the Committee's action plan and budgets (minutes No. 103 dated 14.09.21, No. 96 dated 18.01.21)
- 3 issues of approval of candidates to certain positions / labor reserve — preliminary scrutiny and approval of candidates nominated to HQ positions (minutes No. 97 dated 12.02.21, No. 98 dated 17.03.21), examination of the list of members of the Company's personnel reserve (minutes No. 105 dated 30.12.21)
- 1 recommendation on the composition of the Executive Board — specification of the quantitative composition of the Executive Board (minutes No. 102 dated 23.07.21)
- 2 issues of organizational structure — preliminary examination of proposals regarding regrouping of power distribution zones in branches (minutes No. 99 dated 30.03.21)
- 2 issues of evaluation of candidates to the BoD and BoD performance — preliminary evaluation of the nominees to be elected to the Board of Directors (minutes No. 100 dated 27.05.21), examination of the CY2020–2021 report on the self-evaluation of Board of Directors' and Committees' performance (minutes No. 104 dated 29.10.21)
- 2 issues of material incentives — examination of revisions of the Regulations on the General Director's Material Incentives, determination of the approach regarding bonus payments to the top managers (minutes No. 105 dated 30.12.21)
- 1 other issue — CY2020–2021 Committee progress report (minutes No. 101 dated 02.06.21)

The Strategy Committee

The key role of the Committee is to assist the Board of Directors in developing the strategy, its revision and progress oversight as well as generating updating proposals.

Guided by:

- The Regulations on the Board of Directors' Strategy Committee at IDGC of Urals⁶¹;
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Strategy and Development Committee at IDGC of Urals⁶².

The Committee's goal shall be to prepare and give recommendations (opinions) to the Board of Directors regarding Board of Directors' fields of concern, falling under the Committee's purview, namely: strategic development and business priorities, innovation-driven development, administration of business processes, business planning, dividend policy, risk management, evaluation of performance efficiency of the Company and its associates, as well as other goals and directions, outlined by the Corporate Governance Code⁴⁸.

Compositions of the Committee and members' attendance

Name	Composition 1 (07.08.2020– 18.07.2021)	Composition 2 (19.07.2021 – end of the reported period)	Attendance
P.V. Grebtsov	+	+	22/22 (100%)
Y.V. Goncharov	+	-	12/12 (100%)
R.A. Dmitrik	+	+	22/22 (100%)
A.Y. Korneev	+	+	21/22 (95%)
D.V. Krainsky	+	+	22/22 (100%)
N.A. Ozhe	+	+	22/22 (100%)
E.V. Prokhorov	+	-	12/12 (100%)
V.V. Rozhkov	+	+	22/22 (100%)
M.G. Tikhonova	+	-	12/12 (100%)
V.M. Shcherbakova	+	+	22/22 (100%)
A.V. Shevchuk	+	+	22/22 (100%)
Y.G. Obrezkova	-	+	10/10 (100%)
M.V. Kaloeva	-	+	10/10 (100%)
A.A. Polinov	-	+	2/10 (20%)

Committee's 2021 progress report

During the reported period the Committee conducted 22 meetings (18 in-absentia meetings and 4 in-presentia meetings via VC), and examined 39 agenda items:

- 5 administrative issues, incl. adoption of the Committee's action plan and budgets (minutes No. 150 dated 18.01.21, No. 165 dated 14.09.21)
- 3 issues of receivables processing — adoption of the Company's action plan regarding reduction of overdue transmission receivables and reconciliation (minutes No. 155 dated 07.04.21, No. 159 dated 14.06.21, No. 167 dated 14.10.21)
- 3 issues of KPI review — adoption of the KPI targets, reports on KPI completion (minutes No. 150 dated 18.01.21, No. 168 dated 20.10.21)
- 17 issues of implementation of strategy, incl. examination of the business plans and investment programs, business plan completion reports (minutes No. 151 dated 12.02.21, No. 152 dated 24.02.21, No. 153 dated 09.03.21, No. 158 dated 25.05.21, No. 160 dated 24.06.21, No. 161 dated 06.07.21, No. 168 dated 20.10.21), adoption of the Energy-saving and Enhancement of Energy Efficiency Programs, Innovative Development Programs, roadmap on development of additional (non-tariff) services (minutes No. 163 dated 31.08.2021, No. 164 dated 01.09.2021, No. 168 dated 20.10.2021)
- 4 issues of none-core asset register — examination of the non-core asset register (minutes No. 151 dated 12.02.21, No. 157 dated 30.04.21, No. 162 dated 04.08.21, No. 169 dated 12.11.21)
- 2 issues of IC&RMS — adoption of the Amended and Restated Risk Management Policy (minutes No. 153 dated 09.03.21), action plan to maintain efficiency and develop IC&RMS (minutes No. 158 dated 25.05.21)
- 5 other issues, incl. CY2020–2021 Committee progress report (minutes No. 159 dated 14.06.21)

The Reliability Committee

The key role of the Committee is to assist the Board of Directors in evaluating production programs, prevention and traumatism reducing programs and quality of incident investigations, etc.

Guided by:

- The Regulations on the Board of Directors' Reliability Committee at IDGC of Urals⁶³;
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Reliability Committee at IDGC of Urals⁶⁴.

Primary Objectives:

- evaluation of production programs, plans for technical revamp, refurbishment, greenfield construction and facilities maintenance, their analysis in terms of compliance with reliability of operations and technical status of electric networks;
- evaluation whether follow-up measures from post-incident investigations are in-depth and consistent with the rules for investigation of power sector incidents⁶⁵, as well as oversight of their execution;
- expertise of quality of incident investigations;
- expertise of Company's incident-prevention activities (emergency preparedness, arrangement of recovery works on grid facilities);
- expertise of programs focusing on mitigation and prevention of injury risks among personnel and outsiders as well as in oversight of their execution;
- oversight and evaluation of activities of Company's engineering teams in terms of operation reliability and safety;
- expertise of Company's internal technical control system;
- expertise of Company's labor protection management system;
- expertise of ecology policy program;
- expertise of fire and industrial safety systems.

Compositions of the Committee and members' attendance

Name	Composition 1 (02.07.2020– 18.07.2021)	Composition 2 (19.07.2021 – end of the reported period)	Attendance
S.V. Shpilevoy	+	+	7/7 (100%)
R.A. Dmitrik	+	+	7/7 (100%)
I.G. Polovnev	+	+	7/7 (100%)
V.A. Bolotin	+	-	4/4 (100%)
D.O. Ulrich	+	+	7/7 (100%)
V.A. Ryabushev	-	+	3/3 (100%)

Committee's 2021 progress report

During the reported period the Committee conducted 7 meetings (6 in-absentia meetings and 1 in-presentia meeting via VC), and examined 16 agenda items:

- 5 administrative issues, incl. adoption of the Committee's action plan and budgets (minutes No. 82 dated 18.01.21, No. 87 dated 14.09.21)
- 6 issues of reliability and preparedness of the Company, incl. examination of reports on reliability indicators, preparedness for operations during special periods (minutes No. 83 dated 30.03.21, No. 84 dated 25.05.21, No. 88 dated 19.11.21)
- 2 issues of production program — examination of the progress report with regard to production programs (minutes No. 84 dated 25.05.21, No. 88 dated 19.11.21)
- 3 other issues, incl. CY2020–2021 Committee progress report (minutes No. 159 dated 14.06.21)

The Technological connection Committee

The Committee was established by the Board of Directors to examine items related to generation of proposals improving antimonopoly laws, fostering non-discriminatory access to connection services, updating Company's bylaws and standards stipulating non-discriminatory access to connection services as well as to evaluate Company's efficiency in connection of customers to the networks.

Guided by:

- The Regulations on the Board of Directors' Technological Connection Committee at IDGC of Urals⁶⁶;
- The Regulations on the Remunerations and Compensations due to the Board of Directors' Technological Connection Committee at IDGC of Urals⁶⁷.

Primary Objectives:

- generation of proposals to improve legislation with regard to antimonopoly regulation and provision of non-discriminatory access of consumers to connection services;
- generation of proposals to improve Company's bylaws and standards with regard to provision of non-discriminatory access of consumers to connection services;
- preparation of principles and criteria for evaluation of Company's connection efficiency;
- evaluation of Company's connection efficiency;
- evaluation of Company's efficiency in enhancing grid development planning quality;
- analysis of current situation and generation of proposals for the Board of Directors in terms of connection to electric networks;
- generation of proposals on the improvement of internal regulations and standards of the Company related to additional (non-tariff) services, etc.

The full list of the objectives is disclosed in the Regulations on the Technological Connection Committee.

Compositions of the Committee and members' attendance

Name	Composition 1 (28.07.2020– 18.07.2021)	Composition 2 (19.07.2021 – end of the reported period)	Attendance
O.Y. Klinkov	+	+	6/6 (100%)
D.V. Vyalkov	+	+	4/6 (67%)
S.M. Kuryavyi	+	+	6/6 (100%)
N.A. Ozhe	+	+	6/6 (100%)
I.G. Polovnev	+	+	6/6 (100%)
V.A. Davydkin	-	+	4/4 (100%)
R.A. Dmitrik	-	+	4/4 (100%)

Committee's 2021 progress report

During the reported period the Committee conducted 6 in-absentia meetings and examined 18 agenda items:

- 5 administrative issues, incl. adoption of the Committee's action plan and budgets (minutes No. 61 dated 14.09.21, No. 58 dated 12.02.21)
- 3 issues of analysis of connections — examination of progress report with regard to connection (minutes No. 58 dated 12.02.21, No. 59 dated 27.05.21, No. 63 dated 13.12.21)
- 2 issues of preparation to Universiade 2023 — examination of the progress reports (minutes No. 59 dated 27.05.21 and No. 63 dated 13.12.21)
- 5 issues of development of additional services, incl. adoption of the roadmap, examination of the progress report with regard to the roadmap on development of additional services (minutes No. 58 dated 12.02.21, No. 59 dated 27.05.21, No. 63 dated 13.12.21)
- 2 issues of KPI review — examination of KPI completion reports (minutes No. 58 dated 12.02.21, No. 59 dated 27.05.21)
- 1 other issue — CY2020–2021 Committee progress report (minutes No. 60 dated 03.08.21)

CORPORATE SECRETARY

To embed key elements and provisions of the Corporate Governance Code into the corporate governance system of OAO IDGC of Urals a position of the Corporate Secretary was introduced to our payroll schedule in 2016. The status of the corporate secretary, candidate specification, appointment and removal of the corporate secretary, reporting line, order of interaction with the governing bodies and units of the Company and other relevant activities are defined in the Regulations on the Corporate Secretary of OAO IDGC of Urals⁶⁸. The Corporate Secretary of the Board of Directors is appointed and removed by the General Director on the basis of a Board of Directors resolution, adopted as stated in the Charter and Regulations on the Corporate Secretary of OAO IDGC of Urals. The Corporate Secretary functionally reports to the Board of Directors. Administrative reporting line of the Corporate Secretary shall be established by the organizational structure of the Company. The General Director and/or Chair of the Board of Directors nominate a Corporate Secretary candidate. If the Chair of the Board of Directors is not elected, all members of the Board of Directors enjoy the right to nominate a Corporate Secretary candidate.