

**Internal Audit Board  
«Rosseti Lenenergo», PJSC**

Approved by  
the Internal Audit Board  
of «Rosseti Lenenergo», PJSC  
(Minutes No. 3 dated April 29, 2021)

**OPINION**  
**OF THE INTERNAL AUDIT BOARD**  
of Public Joint stock company «Rosseti Lenenergo»  
FOR 2020

April 29, 2021

Moscow

## I. INTRODUCTION

### INFORMATION ON MEMBERS OF THE INTERNAL AUDIT BOARD:

The Internal Audit Board members were elected by a resolution of the General Shareholders' Meeting	Resolution of the «Rosseti Lenenergo», PJSC Annual General Shareholders' Meeting dated May 29, 2020 (Minutes No. 2/2020 dated June 01, 2020)
The Internal Audit Board Chairman and Secretary were elected by a resolution of the Internal Audit Board	Minutes of the «Rosseti Lenenergo», PJSC Internal Audit Board No. 1 dated June 05, 2020, No. 2 dated December 04, 2020.
Internal Audit Board Chairman	Sergey Vladimirovich Kiryukhin
Internal Audit Board Secretary	Dmitriy Nikolayevich Ponomarev
Internal Audit Board members	Elena Aleksandrovna Kabizskina Irina Ivanovna Sidorenko Marina Alekseyevna Lelekova ( <i>resignation of the Internal Audit Board member from July 17, 2020</i> )

**Internal audit terms:** In accordance with the Internal Audit Board's workplan for the 2020-2021 corporate year (Minutes of the Meeting of «Rosseti Lenenergo», PJSC Internal Audit Board No. 2 dated December 04, 2020), the internal audit of financial and business operations of «Rosseti Lenenergo», PJSC for 2020 is scheduled for the period from December 2020 to May 2021.

**Internal audit grounds:** Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995, the Articles of Association of «Rosseti Lenenergo», PJSC, the Regulations on the Internal Audit Board of «Rosseti Lenenergo», PJSC, the Resolution of the Internal Audit Board of «Rosseti Lenenergo», PJSC (Minutes of the Meeting No. 2 dated December 04, 2020).

**Internal audit purpose:** Confirmation of reliability of the data contained in the Company's Annual Report for 2020, Accounting (financial) statements for 2020, and the Report on related-party transactions entered into in 2020 (hereinafter referred to as the Statements).

Reliability in all material respects refers to the degree of accuracy of the financial statements, which allows shareholders to draw correct conclusions about the operating performance, financial and property status of «Rosseti Lenenergo», PJSC and make informed decisions based on these conclusions.

In accordance with Federal Law No. 208-FZ On Joint-Stock Companies dated December 26, 1995, the Articles of Association of «Rosseti Lenenergo», PJSC, the executive body of «Rosseti Lenenergo», PJSC is responsible for the organization, condition and reliability of accounting records in «Rosseti Lenenergo», PJSC, and the timely submission of Accounting (financial) statements.

**Audited period:** from January 01, 2020 until December 31, 2020.

**Object of audit:** The Annual Report for 2020, Accounting (financial) statements for 2020, resolutions of governing bodies, local regulations, organizational and administrative documents of «Rosseti Lenenergo», PJSC, programs and plans, accounting registers, primary accounting documents and other documentation of financial and business operations of «Rosseti Lenenergo», PJSC.

**During the audit, the following documents were relied upon:**

- Federal Law No. 402-FZ On Accounting dated December 06, 2011.
- Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995;
- Civil Code of the Russian Federation;
- Order of the Ministry of Finance of the Russian Federation No. 34n On Approval of the Regulations on Accounting and Accounting Statements in the Russian Federation dated July 29, 1998;
- Accounting standards (federal, industry-specific);
- Order of the Ministry of Finance of the Russian Federation No. 66n On the Forms of Accounting Statements of Entities dated July 02, 2010;
- Regulations on Information Disclosure by Issuers of Issue-Grade Securities, approved by the Bank of Russia under No. 454-P dated December 30, 2014;
- Ordinance of the Bank of Russia No. 4335-U On Setting Limits on the Value of Transactions of Joint Stock Companies and Limited Liability Companies in Excess of Which Such Transactions may be Recognized as Related-Party Transactions dated March 31, 2017;
- Accounting Policy of «Rosseti Lenenergo», PJSC for Accounting Purposes, approved by Order No. 836 of «Rosseti Lenenergo», PJSC dated December 31, 2013 (as amended);
- other legislative acts and internal organizational and administrative documents of «Rosseti Lenenergo», PJSC.

**INFORMATION ABOUT THE COMPANY:**

Full name	Public Joint stock company «Rosseti Lenenergo» (hereinafter referred to as the Company)
Abbreviated name	«Rosseti Lenenergo», PJSC (hereinafter referred to as the Company)
Location (legal address):	Russian Federation, Saint Petersburg
Postal address	1, Ploshchad Konstitutsii, Saint Petersburg, 196247, Russian Federation
State registration	1027809170300 dated July 22, 2002
(PSRN, date)	
TIN	7803002209

Branches and stand-alone units	<ul style="list-style-type: none"> <li>- Vyborgskiye Power Grid Branch</li> <li>- Gatchinskiye Power Grid Branch</li> <li>- Cable Grid Branch</li> <li>- Novoladozhskiye Power Grid Branch</li> <li>- Kingiseppskiye Power Grid Branch</li> <li>- Prigorodniye Power Grid Branch / Yuzhniye Power Grid Branch</li> <li>St. Petersburg Power Grid Branch</li> <li>Tikhvinskiye Power Grid Branch</li> <li>- Energouchet / Severniye Power Grid Branch</li> <li>- Construction Facilities Directorate</li> </ul>
Executive body	<p>Andrey Valeryevich Ryumin - General Director from January 12, 2018 until January 14, 2021</p> <p>Igor Anatolyevich Kuzmin - Acting General Director from January 15, 2021 until present</p>
Chief Accountant	<p>Natalya Vladimirovna Korepanova – Acting Chief Accountant, Head of the Bookkeeping and Tax Accounting and Reporting Department from June 21, 2019 until October 21, 2020.</p> <p>Marina Viktorovna Kuleshova – Acting Chief Accountant, Head of the Bookkeeping and Tax Accounting and Reporting Department from October 22, 2020 to the present, from April 08, 2021 – Chief Accountant, Head of the Bookkeeping and Tax Accounting and Reporting Department.</p>
Average staff count of the Company for 2020	7,589 employees
Principal shareholders	PJSC «ROSSETI» 68.22%, St. Petersburg represented by the Committee for City Property Management 29.11%, IDGC of Urals, JSC 0.95%.
Principal activities	Electricity transmission and technological connection to distribution power grids (OKVED code 35.12)

The Company's activities are defined by the Articles of Association.

Clause 2.8 of the Articles of Association stipulates that the Company may establish branches that are not legal entities and operate on the basis of the regulations approved by the Company.

Governing bodies of «Rosseti Lenenergo», PJSC are as follows:

- General Shareholders' Meeting of the Company,
- Board of Directors of the Company,
- Management Board of the Company,
- General Director of the Company.

The supreme governing body of the Company is the General Shareholders' Meeting. The General Shareholders' Meeting resolves on the highest-priority matters of the Company's activities within the limits of its competence stipulated by the legislation of the Russian Federation and the Company's Articles of Association.

In accordance with the Company's Articles of Association, the Board of Directors, which is elected at the General Shareholders' Meeting, resolves on determining the Company's development strategy and exercises control over the activities of its executive bodies.

The current operations of the Company are managed by the sole executive body, that is the General Director of the Company, and the collegial executive body, that is the Management Board of the Company.

The financial and business operations of the Company are supervised by the Internal Audit Board.

The current Board of Directors of «Rosseti Lenenergo», PJSC was elected at the «Rosseti Lenenergo», PJSC Annual General Shareholders' Meeting held on May 29, 2020 (Minutes of the Meeting No. 2/2020 dated June 01, 2020), comprising as follows (positions indicated as of the election date):

1. Pavel Anatolyevich Livinskiy – General Director, Chairman of the Management Board, PJSC «ROSSETI»;
2. Andrey Valeryevich Ryumin – General Director, «Rosseti Lenenergo», PJSC;
3. Pavel Vladimirovich Grebtsov – Acting Deputy General Director for Economic and Financial Affairs, PJSC «ROSSETI»;
4. Larisa Anatolyevna Romanovskaya – Acting Deputy General Director for Personnel Management, Liaison with Authorities and Mass Media, PJSC «ROSSETI»;
5. Daniil Vladimirovich Krainskiy – Principal Counsellor of PJSC «ROSSETI», Deputy General Director for Legal and Corporate Governance of «Rosseti Lenenergo», PJSC;
6. Yuriy Vladimirovich Goncharov – Principal Counsellor of PJSC «ROSSETI»;
7. Sergey Sergeevich Pikin – Director of the Energy Development Fund
8. Gennadiy Gennadyevich Magazinov – Chief of the Administrative Office of Vice Governor of St. Petersburg M.A. Shaskolskiy (statement of resignation of a member of the Board of Directors dated December 10, 2020);
9. Andrey Sergeevich Bondarchuk – Chairman of the Energy and Engineering Committee;
10. Aleksey Gennadyevich Malukhin – First Deputy Chairman of the Energy and Engineering Committee;
11. Dmitriy Viktorovich Koptin – Chairman of the St. Petersburg Tariff Committee;
12. Aleksandr Viktorovich German – Deputy Chairman of the Committee for City Property Management of St. Petersburg;
13. Yelena Otaryevna Tsereteli – Director of NPO St. Petersburg Foundation for SME Development.

#### **INFORMATION ON THE AUDITOR:**

Full name of the company	Limited Liability Company Ernst & Young
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Abbreviated name of the company	LLC Ernst & Young
Resolution of the Annual General Shareholders' Meeting on the approval of the auditor	Resolution of the «Rosseti Lenenergo», PJSC Annual General Shareholders' Meeting dated May 29, 2020 (Minutes No. 2/2020 dated June 01, 2020)
Location	77, bldg. 1, Sadovnicheskaya Naberezhnaya, Moscow, 115035, Russian Federation
State registration number	1027739707203
SRO membership	Member of Self-regulatory organization of auditors Association «Sodruzhestvo» (SRO AAS) PRNE 12006020327
Auditor Services Agreement	Audit Contract No. 20-5561 dated July 06, 2020
Audit report	Independent Auditor's Report on Accounting (Financial) Statements of «Rosseti Lenenergo», PJSC for 2020 (signed on March 22, 2021)

## II. ANALYTICAL PART

During the audit, the Company's compliance with the legislation of the Russian Federation and local regulations of the Company was considered.

The Internal Audit Board, in assessing the reliability of the Accounting (financial) statements for 2020, relied on the opinion of the independent auditor of the Company, that is LLC Ernst & Young, expressed in the auditor's report dated March 22, 2021.

In the opinion of the Company's Auditor, LLC Ernst & Young, *“the Company's Accounting (financial) statements present fairly, in all material respects, the Company's financial position as at December 31, 2020, as well as its financial performance and cash flows for 2020, in accordance with the accounting (financial) reporting rules of the Russian Federation.”*

The Internal Audit Board selectively audited a number of financial and business operations of the Company for reliable and timely representation of business operations in the books and Accounting (financial) statements for 2020, and verified the reliability and completeness of information disclosed in the Annual Report for 2020.

The inventory of the Company's assets and liabilities as at year-end 2020 was carried out in accordance with the requirements of the legislation of the Russian Federation.

The set of accounting methods used by the Company, which constitute the accounting policy approved by Company's Order No. 836 On Approval of the Accounting Policy dated December 31, 2013 (as amended), generally complied with the legislation of the Russian Federation on accounting and federal standards in the reporting year.

The statements were prepared in accordance with the laws and regulations of the Russian Federation (RAS) and the Company's local regulations in all material respects.

The book value of the Company's assets as of December 31, 2020 amounted to 255,092.29 RUB mln and increased by 12.5% compared with the data as of December 31, 2019.

Non-current assets made 95.5% of the assets structure, and the value thereof as of December 31, 2020 amounted to 243,666.42 RUB mln, which is 15% more than the amount of non-current assets as of December 31, 2019. The change in the value of non-current assets was materially affected by the commissioning of construction completed fixed-asset items, and a decrease in the balance of financial investments as at the end of the reporting period.

The share of current assets as of December 31, 2020 accounted for 4.5% of all assets or 11,425.87 RUB mln, of which receivables account for the largest portion (51%). The value of current assets decreased by 25% compared with the data as of December 31, 2019. The value of current assets was mainly affected by a decrease in the balance of cash and cash equivalents by 5,513.37 RUB mln as of the reporting date, while receivables increased by 1,625.13 RUB mln.

The total amount of receivables accounted for under the terms of contracts increased by 24% for 2020 and as of December 31, 2020 amounted to 12,328.99 RUB mln, of which 44% of the receivables are overdue, 52% are recognized by the Company as doubtful debt and a provision for doubtful debts was created. Overdue receivables for the reporting year decreased by 7%, the provision for doubtful debts, in comparison with its value as of December 31, 2019, increased by 13.6%.

As of December 31, 2020, equity accounted for 68% in the structure of capital and liabilities and amounts to 173,005.03 RUB mln. The Company's equity increased by 17% in the reporting year, mainly due to the Company's net profit in the reporting period and the Company's reorganization through the merger of its subsidiaries: JSC TSEK, JSC Kurortenergo, JSC PES, JSC SPb ES.

The share of borrowed capital accounted for 32% in the structure of capital and liabilities. The amount of borrowed capital for the reporting year increased by 5% and as of December 31, 2020 amounted to 82,087.26 RUB mln. As of December 31, 2020, borrowed funds (35%) and payables (39%) accounted for the largest share in the borrowed capital structure. Borrowed funds for the reporting year increased by 3%. Payables decreased by 5%, mainly due to a decrease in payables to suppliers and contractors. The share of overdue payables in the total amount of payables as of the end of the reporting year increased from 15.1% to 15.8% compared with the same indicator as of December 31, 2019.

The result of the Company's activities in the reporting year was a net profit of 14,147.01 RUB mln (in the previous reporting period, the profit amounted to 13,567.95 RUB mln).

The net asset value as of December 31, 2020 was 173,005.03 RUB mln and exceeded the Company's authorized capital. The increase in the value of net assets for the reporting year was 16.6%.

The Internal Audit Board selectively verified the reliability and completeness of information disclosed in the Company's Annual Report for 2020 for compliance with the requirements of Regulations on Information Disclosure by Issuers of Issue-Grade Securities approved by the Bank of Russia under No. 454-P dated December 30, 2014.

As of the time of issuing this Opinion, the Annual Report for 2020 submitted for approval by the Annual General Shareholders' Meeting, has not been approved by the Company's Board of Directors.

The Company's Annual Report submitted for approval by the Annual General Shareholders' Meeting contains information provided for in Regulations on Information Disclosure by Issuers of Issue-Grade Securities approved by the Bank of Russia under No. 454-P dated December 30, 2014.

In accordance with the materials provided by the Company as part of the Audit, in 2020, the Company did not execute transactions that are recognized as related-party transactions in accordance with Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995.

There were no misrepresentations of the information contained in the report on related-party transactions entered into by the Company in 2020.

The facts of violation of legal acts of the Russian Federation in the course of financial and business operations, which could materially affect the Company's Statements, were not revealed during the selective audit.

### III. CONCLUSION

In accordance with Article 88 of Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995, based on the results of the audit of the Company's financial and business operations for 2020, the Internal Audit Board expresses its opinion on the reliability in all material respects of the data contained in the Company's Annual Report for 2020 and in the Company's Annual accounting (financial) statements for 2020.

The Internal Audit Board revealed no misrepresentations of the information contained in the report on related-party transactions entered into in 2020.

Composition of the Company's Statements confirmed by the Internal Audit Board:

<b>Item No.</b>	<b>Statement form</b>	<b>Date of signing by management</b>	<b>Number of sheets in the document</b>
1	Balance Sheet as of December 31, 2020	March 22, 2021	2
2	Profit and Loss Statement for January-December 2020	March 22, 2021	1
3	Statement of Changes in Equity for January - December 2020	March 22, 2021	4
4	Statement of Cash Flows for January - December 2020	March 22, 2021	2
5	Notes to the Balance Sheet and Profit and Loss Statement of «Rosseti Lenenergo», PJSC for 2020 in text and tabular form	March 22, 2021	69
6	Annual Report of «Rosseti Lenenergo», PJSC for 2020 (with appendices, including the Report on related-party transactions entered into in 2020).	-	569

This Opinion of the Internal Audit Board shall be read in conjunction with all confirmed forms of Accounting (financial) Statements and Notes to the balance sheet and the Profit and Loss Statement for 2020, the Company's Annual Report for 2020, and the Report on related-party transactions entered into in 2020.

Chairman  
of the Internal Audit Board                    */signed/*                    S.V. Kiryukhin

Internal Audit Board members  
*/signed/*                    D.N. Ponomarev

*/signed/*                    E.A. Kabizskina

*/signed/*                    I.I. Sidorenko