

Appendix 1
to the Minutes of meetings of the Audit Committee
of the Board of Directors of PJSC “Rosseti
Lenenergo”
No. 183 of May 22, 2023

**Report on the Assessment
of the External Auditor’s Performance,
Auditor’s Reports and Effectiveness of the External Audit
of the accounting (financial) statements
of PJSC “Rosseti Lenenergo”
for 2022**

The external auditor's performance, auditor's reports and effectiveness of the external audit of the accounting (financial) statements of PJSC "Rosseti Lenenergo" for 2022 were assessed pursuant to the Guidelines for assessing the external auditor's performance, auditor's reports and effectiveness of the external audit of the Company's accounting (financial) statements (the "Guidelines") as approved by resolution of the Audit Committee of the Board of Directors (Minutes No. 169 of October 14, 2022).

1. Auditor Profile

In 2022, the Company engaged "Technologies of Trust – Audit" JSC to perform as its external auditor.

Place of business (registered address): 125047, Moscow, ul. Butyrsky Val, 10.

"Technologies of Trust – Audit" JSC is a member of the Sodruzhestvo Association, a self-regulatory auditor organization, as from January 31, 2020, Main Registration Record Number (ORNZ) 12006020338, located at Russia, 119192, Moscow, Michurinsky prospekt, 21, bldg. 4.

"Technologies of Trust – Audit" JSC has provided the following information to prove its independence and impartiality:

- "Technologies of Trust – Audit" JSC complies with the ethical standards set out in the Code of Ethics for Auditors;

- There are no threats to independence of "Technologies of Trust – Audit" JSC as may result from the provision of non-audit services, since it has not provided statutory audit services to the Company as from the date of Contract No. 22-9954.

- The non-audit services which "Technologies of Trust – Audit" JSC provides / will provide to PJSC "Rosseti", the Company's parent company, have been analyzed and found not to affect the auditor's independence as auditor for PJSC "Rosseti Lenenergo".

The professionalism, independence and impartiality of the external auditor are also supported by the following information provided by "Technologies of Trust – Audit" JSC (Declaration of the head of the audit firm):

- "Technologies of Trust – Audit" JSC takes efforts to ensure its independence as described in its Regulations for Service Quality Control designed in line with Federal Law No. 307-FZ On Auditing and the Auditor Independence Rules. The auditor's independence is checked as part of contracting with new clients, cooperation with existing clients, audit engagements, quality control of completed engagements, and by obtaining annual certification of compliance with the independence principles from the company employees;

- "Technologies of Trust – Audit" JSC has in place an internal control system which rests on our experience and general values of auditing practices and complies with the International Standard On Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other

Assurance and Related Services Engagements” (ISQC 1) and ISA220 “Quality Control for an Audit of Financial Statements”. The internal control system provides reasonable assurance that the company and employees carry out the audit and provide audit related services in accordance with the regulatory documents of the Russian Federation, professional standards, and that audit reports and other reports issued by “Technologies of Trust – Audit” JSC meet the terms of a specific engagement.

- All employees of “Technologies of Trust – Audit” JSC who are qualified auditors comply with Federal Law No. 307-FZ On Auditing and annually take professional development courses under programs approved by the Sodruzhestvo Association.

Audit Contract No. 22-9954 of July 21, 2022 was entered into with “Technologies of Trust – Audit” JSC for the purposes of auditing the Company’s accounting (financial) statements for 2022.

Basis for the Audit Contract:

- Bidding Commission Record of March 11, 2021 on summing up the results of bidding announced by notice No. 0400700025521000001 of January 29, 2021;
- Resolution of the Annual General Meeting of Shareholders of the Company to approve the Auditor (Minutes No. 1/2022 of June 02, 2022).

In accordance with the Audit Contract for the purposes of auditing of the Company’s accounting (financial) statements for 2022 No. 22-9954 of July 21, 2022 entered into with “Technologies of Trust – Audit” JSC, the external auditor shall provide the following services:

- audit of the Company’s accounting (financial) statements for the year ended December 31, 2022, prepared in accordance with Federal Law On Accounting No. 402-FZ of December 06, 2011;

- review of the condensed consolidated interim financial statements for three and six months ended June 30, 2022, prepared in Russian and English in accordance with International Financial Reporting Standards;

- audit of the consolidated financial statements of the Company for the year ended December 31, 2022, prepared in Russian and English in accordance with International Financial Reporting Standards and Federal Law On Consolidated Financial Statements No. 208-FZ of July 27, 2010;

- audit of the Company's group financial statements for the year ended December 31, 2022, prepared in accordance with the Rosseti Group’s IFRS Accounting Policy, for the purposes of inclusion in the consolidated IFRS statements of PJSC “Rosseti”;

- review of the Company's group financial statements for three and six months ended June 30, 2022, prepared in accordance with the IFRS Accounting Policy of Rosseti Group, for the purposes of inclusion in the condensed consolidated interim financial statements of PJSC “Rosseti” prepared in accordance with IAS 34 Interim Financial Reporting;

- preparation and delivery of a written report (auditor’s report) to the client.

Pursuant to Resolution No. 10 of March 17, 2023 by the Central

Procurement Body of PJSC “Rosseti Lenenergo”, Addendum No. 1 of March 27, 2023 to Audit Contract No. 22-9954 of July 21, 2022 was made with “Technologies of Trust – Audit” JSC to extend the period for delivery of an audit opinion on the RAS accounting (financial) statements of PJSC “Rosseti Lenenergo” for 2022, an audit opinion on the Company’s IFRS consolidated financial statements for 2022, and to increase the scope of service and the service fee under the Contract.

2. Assessment of the external auditor’s performance, auditor’s reports and effectiveness of the external audit of the accounting (financial) statements of the Company for 2022

2.1. Assessment of the external auditor’s performance in auditing the Company’s accounting (financial) statements

As part of assessment of effectiveness of the external audit of the accounting (financial) statements of the Company, the Company’s executives and members of the Audit Committee of the Board of Directors were polled (through questionnaires) to collect feedback on the performance of the external auditor (“Technologies of Trust – Audit” JSC) in 2022.

To assess the performance of the external auditor (“Technologies of Trust – Audit” JSC) in accordance with the Guidelines the following questionnaire forms were used:

- for the Accounting and Tax Records and Reporting Department as the contract supervisor;
- for officers of the Company’s executive bodies;
- for members of the Audit Committee of the Board of Directors.

Executive officers and members of the Audit Committee of the Board of Directors were invited to assess the external auditor performance and the quality of communication and interaction using the scale below:

Score	
1	Unsatisfactory (requirements not met, with more than one deviation)
2	Quite satisfactory (deviation occurred very few times)
3	Good (no deviations)

Also, as part of the assessment through questionnaires, the respondents were additionally invited to evaluate the external auditor’s independence, impartiality and professional skepticism and answer questions regarding the meetings of the external auditor and the management.

Accounting and Tax Records and Reporting Department (contract supervisor)

The feedback from the Accounting and Tax Records Department (the “Accounting Department”), who supervises the contract with the external auditor (“Technologies of Trust – Audit” JSC), showed the following results:

- *Service quality – 3 points*

The service quality is understood so that the auditor complies with the

deadlines set out in the contract and the approved audit plan, ensures that the audit team members are available for discussing current issues; assists in resolving complicated methodological issues, answers questions on the merits and in reasonable time; actively engages relevant experts to discuss and eliminate potential identified risks, promptly communicates information to the Company's management, and seeks to ensure the best price and quality balance of the services it delivers.

➤ *Communication and interaction – 3 points*

For this criterion, the auditor communicates in a business-like and efficient manner; ensures effective communication throughout the year (interacts orally and in writing); advises on material matters; observes confidentiality, audit standards and the code of ethics for auditors.

➤ *Sufficiency of resources – 2.8 points*

For this criterion, it was noted that the external auditor is professionally competent and efficiently applies theoretical knowledge in practice; the auditor understands the specifics of the Company's operations and has similar experience with companies in the industry; however, the required resources were not always available to deliver the agreed services in time.

➤ *Independence, impartiality and professional skepticism*

The external auditor is impartial in its conclusions and professional judgments, maintains independence and professional skepticism throughout the provision of audit services.

The average final score given by the Accounting and Tax Records and Reporting Department was 2.9 points.

Based on the assessment through questionnaires, the Accounting and Tax Records and Reporting Department provided the following comments and recommendations for the external auditor to improve the service quality:

- make an interval schedule for staying in the auditee's offices throughout the period of audit service provision.

Executive Bodies

Analysis of the feedback from the Company's executives showed that some of the Company's units did not interact or did not directly interact with the external auditor ("Technologies of Trust – Audit" JSC). The interaction as part the audit of the accounting (financial) statements was through the Accounting and Tax Records and Reporting Department by the external auditor sending requests to the units.

Questionnaires were submitted by:

1. Deputy CEO for Capital Construction;
2. Deputy CEO for Legal and Corporate Governance;
3. Acting Chief Accountant, Head of the Accounting and Tax Records and Reporting Department;
4. Head of Internal Audit.

Analysis of the feedback from the Company's executives who interacted with the external auditor ("Technologies of Trust – Audit" JSC) showed as

follows:

➤ *Service quality – 3 points*

The service quality is understood so that the auditor ensures that the audit team members are available for discussing current issues; assists in resolving complicated methodological issues, answers questions on the merits and in reasonable time; is qualified enough to understand the industry specifics, actively engages relevant experts to discuss and eliminate potential identified risks, promptly communicates information to the Company's management.

➤ *Communication and interaction – 3 points*

For this criterion, the auditor communicates in a business-like and efficient manner; ensures effective communication throughout the year (interacts orally and in writing); advises on material matters; observes audit standards and the code of ethics for auditors; openly addresses controversial situations, communicates all material problems/issues to respective officers, and efficiently addresses complicated issues.

➤ *Independence, impartiality and professional skepticism of the auditor were noted*

The external auditor is impartial in its conclusions and professional judgments, maintains independence and professional skepticism throughout the provision of audit services.

According to Deputy CEO for Legal and Corporate Governance, no meetings were held with the auditor as part of the audit of the Company's accounting (financial) statements for 2022.

According to Deputy CEO for Capital Construction, Acting Chief Accountant/Head of the Accounting and Tax Records and Reporting Department, and Head of Internal Audit, meetings were held with the auditor, they noted the efficient nature of the meetings, high level of interaction and competence of the external auditor team. Head of Internal Audit noted that interaction with the external auditor continued throughout the year: two task meetings were held on the matters of the Company's internal control system.

In October 2022, a meeting of the Audit Committee was held with the participation of external auditor team members (Minutes No. 170 of October 28, 2022). The meeting addressed:

- audit methodology, scope of audit;
- materiality, audit risks, and key matters of the audit for 2022;
- audit schedule;
- auditor independence matters;
- interaction with internal audit regarding the internal control system and the audit plan.

The average final score given by the Company's executives was 3 points.

Audit Committee of the Board of Directors

The feedback from the members of the Audit Committee of the Board of Directors showed the following results:

➤ *Service quality – 3 points*

The service quality is understood so that the auditor is qualified enough to understand the industry specifics, ensures that the audit team members are available for discussing current issues; assists in resolving complicated methodological issues, answers questions on the merits and in reasonable time; actively engages relevant experts to discuss and eliminate potential identified risks, promptly communicates information to the Company's management.

➤ *Communication and interaction – 3 points*

For this criterion, the auditor communicates in a business-like and efficient manner; advises on material matters; observes confidentiality, audit standards and the code of ethics for auditors, openly addresses controversial situations, communicates all material problems/issues to respective officers, and efficiently addresses complicated issues.

➤ *Sufficiency of resources – 3 points*

For this criterion, it was noted that the external auditor is professionally competent and efficiently applies theoretical knowledge in practice; the auditor understands the specifics of the Company's operations.

➤ *Independence, impartiality and professional skepticism of the auditor was noted*

The external auditor is impartial in its conclusions and professional judgments, maintains independence and professional skepticism throughout the provision of audit services.

To improve the service quality, the external auditor was recommended to meet personally with members of the Audit Committee of the Board of Directors.

The average final score given by the Audit Committee was 3 points.

In accordance with the Guidelines, if the average integral score is:

- from 3 to 2.5 points, the quality of audit meets the Company's expectations;
- from 2.4 to 1.5 points, the quality of audit partly meets the Company's expectations;
- from 1.4 to 1 point, the quality of audit does not meet the Company's expectations.

According to the questionnaires, the average integral score made up of the average scores given by the Accounting and Tax Records and Reporting Department (the contract supervisor), executive officers of the Company, and members of the Audit Committee of the Board of Directors, was 3 points, i.e. the quality of audit meets the Company's expectations.

2.2. Assessment of the written report and external auditor's report on the Company's accounting (financial) statements

The External Auditor prepared and submitted the following documents:

- Written report for the management and the Audit Committee of the Board of Directors regarding the interim audit of the Company's RAS accounting statements for 9 months ended September 30, 2022, and the interim audit of

financial statements and special financial statements, 14 pages.

– Written report for the management and the Audit Committee of the Board of Directors regarding the Company’s RAS accounting statements for the year ended December 31, 2022, 10 pages.

– Independent Auditor’s Report regarding the Company’s accounting statements for 2022 (88 pages, including the statements).

The procedures implemented by “Technologies of Trust – Audit” JSC during the external audit of the Company’s RAS accounting (financial) statements for 2022 comply with the terms of the existing contract, Federal Law On Auditing No. 307-FZ of December 30, 2008, and the International Standards on Auditing (ISA) enacted by Order of the Ministry of Finance of Russia No. 2n of January 09, 2019 “On the Enactment of International Standards on Auditing in the Russian Federation and Revocation of Some Orders of the Ministry of Finance of the Russian Federation”.

The form, content, and the procedure for signing and delivering the auditor’s report comply with Article 6 of Federal Law On Auditing No. 307-FZ of December 30, 2008, and International Standard on Auditing 700, Forming an Opinion and Reporting on Financial Statements.

The auditor’s report on the Company’s financial statements for 2022 issued on March 28, 2023 by the independent auditor (“Technologies of Trust – Audit” JSC) complies with Federal Law On Auditing No. 307-FZ of December 30, 2008, and the International Standards on Auditing (ISA), and contains information required by the ISA, including:

- information on key audit matters as per ISA 701, which, according to the auditor's professional judgment, identifies the matters that were most significant for the audit of the accounting (financial) statements for the current period, such as recognition and evaluation of sales revenue from power distribution, bad debt provision, estimated liabilities and contingent liabilities, and fixed assets impairment;

- information of the obligation to review the other information included in the Annual Report of PJSC “Rosseti Lenenergo” after it has been provided to the auditor, and considering whether there are material inconsistencies between the other information and the financial statements or the knowledge obtained by the external auditor during the audit, and whether the other information contains other possible material misstatements (ISA 706, ISA 720).

The written report for the management and the Audit Committee of the Board of Directors on the key challenges of accounting and reporting based on the audit findings of the RAS accounting (financial) statements for 2022 issued by “Technologies of Trust – Audit” JSC, meets ISA 260, The Auditor's Communication With Those Charged With Governance, and ISA 265, Communicating Deficiencies in Internal Control to Those Charged With Governance and Management. The form, content and delivery procedure comply with the requirements for the preparation of the written report (auditor’s report) contained in the external auditor’s standards and the terms of engagement.

The external auditor's report and written report are prepared in accordance with Federal Law On Auditing No. 307-FZ of December 30, 2008, and the International Standards on Auditing enacted in the Russian Federation by Orders of the Ministry of Finance of Russia No. 2n of January 09, 2019, No. 335n of December 30, 2020, No. 163n of October 27, 2021, and No. 172n of November 9, 2021.

2.3. Assessment of effectiveness of the external audit of the Company's accounting (financial) statements. Interaction between the Audit Committee and the external auditor.

In 2022, the Audit Committee of the Board of Directors discussed the following matters concerning the external auditor:

- Assessment of effectiveness of the external audit of the Company's accounting (financial) statements for 2021 (Minutes No. 160 of April 26, 2022);
- Preliminary review of the proposed external auditor to audit the Company's accounting (financial) statements for 2022 (Minutes No. 163 of April 29, 2022);
- Review of the written report (auditor's report) based on the audit findings of the Company's RAS accounting (financial) statements for 2021, and the Company's IFRS consolidated financial statements for 2021 (Minutes No. 164 of May 16, 2022);
- Preliminary review of the auditor fee for the audit of the Company's accounting (financial) and consolidated financial statements for 2022 (Minutes No. 165 of May 25, 2022);
- Interaction between the Audit Committee of the Board of Directors and the internal and external auditors, including the scope of audit procedures and the auditing methods proposed by the external auditor (Minutes No. 170 of October 28, 2022);

Written report for the management and the Audit Committee of the Board of Directors regarding the interim audit of the Company's RAS accounting statements for 9 months ended September 30, 2022, and the interim audit of financial statements and special financial statements, was reviewed by the Audit Committee of the Board of Directors on February 22, 2023 (Minutes No. 176 of February 22, 2023).

The meeting of the Audit Committee of the Board of Directors is scheduled for April 2023 to review the following: Review of the external auditor's Written report (auditor's report) on the key matters of the Company's RAS accounting (financial) statements for 2022, the Company's IFRS consolidated financial statements for 2022, and the information provided by the Company management on adjustments made following the external audit; and Recommendations to the Board of Directors of the Company regarding the: Review of the Company's draft RAS accounting (financial) statements for 2022.

In accordance with the Independent Auditor's report on the Company's accounting (financial) statements for 2022 issued by "Technologies of Trust – Audit" JSC, the external auditor communicates with the Audit Committee of the

Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

The external auditor also submits to the Audit Committee of the Board of Directors a statement that it has complied with all relevant ethical requirements for independence and informed these persons of all relationships and other matters that can reasonably be considered influencing the independence of the auditor, and, where necessary, of efforts taken to eliminate threats or appropriate precautionary measures.

Among the matters that the external auditor communicated to the Audit Committee of the Board, it identified the matters that were most significant for the audit of the accounting (financial) statements for the period under review and, therefore, are key audit matters. The external auditor describes these key matters in the auditor's report, except where the public disclosure of such key matters is prohibited by laws or regulations, or where it concludes in rare cases that information about any matter should not be stated in the auditor's report, since it can reasonably be assumed that the negative consequences of the disclosure of such information will exceed the socially significant benefit from its presentation.

Paragraph 2.1 of this Report describes the results of the feedback of the Audit Committee of the Board of Directors on the assessment of the external auditor in terms of communication and interaction, according to which the auditor communicates in a business-like and efficient manner; advises on material matters; observes confidentiality, audit standards and the code of ethics for auditors, openly addresses controversial situations, communicates all material problems/issues to respective officers, and efficiently addresses complicated issues.

The Audit Committee noted that on October 27, 2022, a meeting of the external auditor and the Audit Committee of the Board of Directors, one in the reporting period, was held and discussed in detail the key and material audit matters for 2022.

The Audit Committee of the Board of Directors gave recommendations to the external auditor as to how to improve the quality of services, as shown in paragraph 2.1. of this Report.

The interaction between the external auditor with the Audit Committee of the Board of Directors, therefore, is in compliance with the recommendations for service improvement and with ISA 260, The Auditor's Communication With Those Charged With Governance.

3. Conclusions and recommendations.

1. According to the questionnaires, the average integral score made up of the average scores given by the Accounting and Tax Records and Reporting Department (the contract supervisor), executive officers of the Company, and the Audit Committee of the Board of Directors, was **3 points**, i.e. the quality of audit *meets* the Company's expectations;

2. The external auditor's report and written report are prepared in accordance

with Federal Law On Auditing No. 307-FZ of December 30, 2008, and the International Standards on Auditing enacted in the Russian Federation by Orders of the Ministry of Finance of Russia No. 2n of January 09, 2019, No. 335n of December 30, 2020, No. 163n of October 27, 2021, and No. 172n of November 9, 2021;

3. The interaction between the external auditor with the Audit Committee of the Board of Directors, therefore, is in compliance with the recommendations for service improvement and with ISA 260, The Auditor's Communication With Those Charged With Governance;

4. The external auditor is recommended to take note of the proposals of the Accounting and Tax Records and Reporting Department and the Audit Committee of the Board of Directors in the future to improve the service quality.