



WHERE THE ENERGY

IS BORN

**ANNUAL
REPORT**

2021

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ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF TGC-1

Dear shareholders!

TGC-1 continues to follow Gazprom PJSC Strategy of Development in the Power Industry for 2018–2027, which pursues the key goal of maintaining high reliability of energy supplies for all consumers.

This is achieved, in particular, through the implementation of projects to create new and modernize existing power generating facilities and to improve overall operational efficiency. The large-scale investment program aimed at building new capacities under Capacity Supply Agreements (CSA) was succeeded by a new cycle of investment projects for upgrading thermal power plant equipment which are implemented based on the competitive selection of CHPP facilities for upgrading (CCTMod), TGC-1 is one of the key participants of CCTMod. Investments in renovating fixed assets, optimizing costs and embracing new profit generation opportunities will help the Company partially compensate for the fall in financial results after passing the peak of payments under the CSA program.

In December 2021, the modernized turbo generator No. 7 at Avtovskaya CHPP was commissioned in Saint Petersburg, making it the first project implemented in the country under the CCTMod program. In addition to Avtovskaya CHPP, TGC-1 will also re-equip and upgrade facilities of Vasileostrovskaya and Severnaya CHPPs in Saint Petersburg agglomeration under the same program.

As part of TGC-1 Investment Program, special attention is given to environmental aspects. In July 2021, the modernized hydroelectric unit No. 1 at Verkhne-Tulomskaya Hydroelectric Power Plant was commissioned, the new equipment by its reliability, safety and environmental friendliness meets all modern standards. In December 2021, a large-scale project for reconstructing the hydroelectric installation at Verkhne-Svirskaya HPP with replacement of the bridge crossing was completed, its important milestone was installation of local treatment facilities preventing pollution of the Svir River water area.

Strategic decisions were made to develop the Company's heating business. In the third quarter of 2021, the Company began construction of a new hot water boiler plant at the Power Plant No. 2 of Centralnaya CHPP in Saint Petersburg that will make it possible to decommission inefficient outdated facilities and maintain stable heat supplies in the city's historical center. Agreements have been reached to switch heat supply of the boiler plants at TEK SPb SUE

(State Unitary Enterprise) to TGC-1 sources in Saint Petersburg, which will increase the combined heat and power output of the Company's CHPP. Besides, a significant economic effect has been achieved by introduction of a software and hardware complex for CHPP modes optimization for operation in the wholesale electricity and capacity market by determining the maximum possible marginal revenue in any price situation in the market.

A new growth driver in 2021 for TGC-1 was the uplift in "green" energy sales. Committed to the current ESG agenda, guided by sustainable development principles and smartly using the unique structure of its production assets, the Company became one of the pioneers and flagships in the emerging "green" market in Russia in 2021. Net effect from "green" energy sales amounted to RUB 43.1 mln in 2021, and the Company will continue strengthening its position in this area.

As part of the program for competitive selection of investment projects for construction of generating facilities based on renewable energy sources, TGC-1 launched a new HPP project on the River Paz in Murmansk Oblast, and views construction of a wind farm in the Leningrad Oblast among future high-potential projects. Construction of new renewable energy sources will become a major contribution to our future financial results.

Our systematic efforts to grow efficiency in the electricity and capacity market had a positive impact on the Company's financial results. Under the Russian Accounting Standards TGC-1 received revenues of RUB 97.7 bln in 2021, which is 16.1% higher than in 2020. The Company's debt to EBITDA ratio improved considerably.

The Company's management and the Board of Directors with support from the shareholders, make their best efforts to ensure sustainable and strong performance of TGC-1. My expectation is that our commitment to sustainable development principles and reliance on our competitive advantages will lead the Company to successful implementation of Gazprom's strategy in the energy sector to the benefit of our shareholders and Russian people.

Dear shareholders!

The Company reached the end of 2021 demonstrating strong performance thanks to the amassed great experience, high professionalism and diligence of its employees by using established algorithms of action and focusing on prospective areas for development.

We have accomplished all plans and continued adjusting to changing circumstances and challenges of the modernity. For us this process coincided with the internal transformation.

The electricity generation by TGC-1, including JSC "Murmanskaya CHPP", in 2021 increased by 8% and amounted to over 30.1 bln kWh. In 2021, the heat generation by power plants increased by 13.4%, the heat output amounted to 26.1 mln Gcal.

A landmark project in 2021 was completion of the first phase of modernization at Avtovskaya CHPP in Saint Petersburg. This CHPP is one of the biggest energy sources in the southwest of the city; the plant's heat supply zone includes four major districts with about 1.5 mln residents, 36 healthcare centers and almost two hundred children's and educational institutions, the Russian National Library, subway and Russian Railways facilities. In addition, this was the first time for the domestic power industry to integrate information modeling technology on a large scale. It has proven its effectiveness, and we are exploring the possibility of using digital duplicates of equipment not only when undertaking construction and reconstruction, but also when operating our facilities. This will be one of the key focus areas in TGC-1 digital transformation program.

The program of repairs and modernization of CHPPs and HPPs was fulfilled by 100% in 2021; for repairs new technologies and solutions were used, which significantly reduced the duration of works. Commissioning of the upgraded capacity amounted to 75 MW in 2021. The Company carried out 19 major and medium repairs of turbine and hydroelectric units and 5 repairs of power and hot water boilers. This helped improve the overall stability of the power system and environmental performance of the plants, and enhance the reliability of heat and power supplies to enterprises, social facilities and the households in the regions of the Company's presence.

Reconstruction of the 330 kV outdoor switchgear at Putkinskaya HPP of the Kem Cascade was completed as part of the Northern Transit massive multi-year project run by the Russian Ministry of Energy. The project has not only significantly reinforced stability of the Kola energy system, but also raised the throughput capacity of the Kola-Karelia transit line 1.5 times. The launch of the second Kola-

Karelia transit line will have a positive impact on the TGC-1 electricity supplies in 2022.

In 2021, TGC-1 expanded the range of generating equipment serving to support overall reliability of the Russian national power grid. The second power unit of TGC-1 included in the national register is power unit No. 4 of Yuzhnaya CHPP; from July 2021, it began to provide services in the part of rationed primary frequency control. A larger footprint in the system services market brought the Company more than RUB 100 mln in additional revenues.

The key focus for the Company in 2021 was the sale of "green" energy generated by TGC-1 hydroelectric power plants. The Company signed a number of contracts for "green" energy sales with large Russian industrial enterprises. In 2021, TGC-1 became one of the leaders in the "green" energy market. A strategic agreement was made with the Saint Petersburg International Mercantile Exchange under which TGC-1 green certificates will be traded on the Exchange following the launch of the national certification system, which will help the Company secure its leadership in this market.

Certain steps were made to improve customer service and optimize costs of dealing with heat consumers. After transition to direct contracts, by the end of 2021 the number of TGC-1 customers was about 360,000, with an increase of about 60,000 customer accounts in 2021. Turning down the services of intermediaries, reducing bank fee expenditures and in-house billing will significantly reduce the costs. As part of developing remote service technologies, a Personal Account mobile app was introduced, and a new TGC-1 Customer Service Center was opened in Saint Petersburg to raise the service levels.

The year 2021 demonstrated that TGC-1 not only achieved all of its targets, maintained its good reputation and retained highly qualified personnel, but also explored new areas of business holding high potential and improved the overall efficiency of its operations. I am profoundly convinced that next year, through the joint efforts of the Company's employees, management and shareholders, we will continue tackling the tasks that will contribute to higher quality, reliability and efficiency of power supplies to our consumers.

GENERAL OVERVIEW OF THE COMPANY



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KEY PERFORMANCE INDICATORS OF THE COMPANY

Key operating indicators of TGC-1*

Installed electric capacity, MW



-0.5%

Installed heat capacity, Gcal/h



+0.3%

Electricity output, mln kWh



+8.0%

Electricity sold, mln kWh



+0.6%

Heat output, thousand Gcal



+13.4%

Useful heat output, thousand Gcal



+11.2%

* Presented data include JSC "Murmanskaya CHPP"

Key financial indicators of TGC-1, RAS* (RUB mln)

Revenue



+16.1%

Production cost



+15.8%

EBITDA**



+14.7%

Net profit



+28.3%

Gross profit



+18.3%

Profit before tax



+28.1%

Total assets



+1.8%

Profit per share, RUB



+27.8%

* TGC-1 accounting statements under RAS do not consolidate financial results of its subsidiaries

** EBITDA = Profit before tax – Interest receivable + Interest payable – Income from participation in other organizations + Depreciation

Key financial indicators of TGC-1 and its subsidiaries, IFRS (RUB mln)

Revenue



+15.1%

Operating expenses



+20.9%

EBITDA adjusted**



-1.5%

Profit before tax



-13.2%

Operating profit



-12.1%

EBITDA*



-3.5%

Profit



-13.8%

Total assets



+2.1%

* EBITDA is calculated as a sum of operating profit, depreciation and amortization

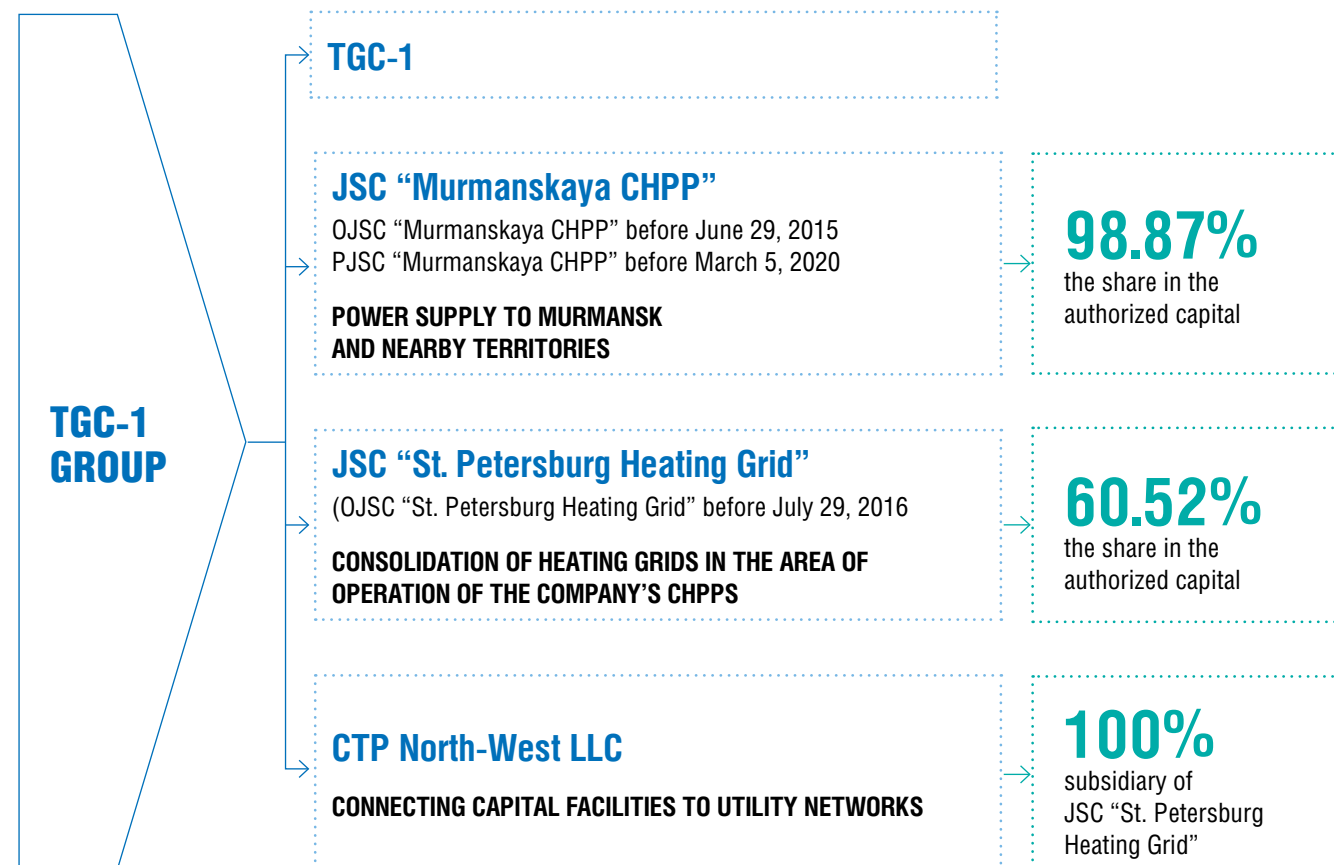
** EBITDA adjusted is calculated as a sum of operating profit, depreciation and amortization, impairment losses on non-financial assets less gains on the recovery of impairment losses on non-financial assets

COMPANY OVERVIEW

Territorial Generating Company No. 1 Public Joint Stock Company (hereinafter referred to as TGC-1 or the Company) is the leading producer of electricity and heat in the Northwestern Federal District of Russia.

TGC-1 was established on March 25, 2005 during the reform of the Russian electric power sector. On August 1, 2016, in order to make the Company name consistent with the Civil Code of the Russian Federation, TGC-1 was renamed to TGC-1. Today, the Company unites generating enterprises from the Baltic Sea to the Barents Sea. The Company's generating assets comprise 52 power plants of various types across four constituent entities of the Russian Federation: Saint Petersburg, the Republic of Karelia, Leningrad Oblast and Murmansk Oblast.

Generated electricity is supplied to the domestic wholesale electricity and capacity market, as well as exported to Finland and Norway. TGC-1 is a strategic supplier of heat in Saint Petersburg, Petrozavodsk, Murmansk, and Apatity and Kirovsk in the Murmansk Oblast.



In its turn, TGC-1 is a part of the Gazprom Group. Controlling stakes in Gazprom Group's generating entities are consolidated on the balance sheet of Gazprom Energoholding LLC, a subsidiary of Gazprom PJSC, thus the firm ground has been laid for effective management based on the uniform corporate standards.

Where the energy is born

Annual Report of TGC-1 for 2021

The major shareholders of TGC-1 are:

51.79%

Gazprom Energoholding LLC

29.45%

Fortum Power and Heat Oy¹

Shares of TGC-1 are traded on Moscow Stock Exchange and appear in the Level 1 Quotation List.

Fortum Power and Heat Oy, the second largest shareholder, is a leading Scandinavian energy concern which upholds the highest business standards and makes its valuable contribution to improving the Company's management efficiency.

Thus, being guided by international business standards, operating its power grids in an environmentally responsible manner and implementing innovative social policy, TGC-1 strives to become a leader in the energy market, remain a reliable partner for its investors, cater for the shareholders' interests and meet even the highest demands of its customers.

Saint Petersburg

2 CHPP 17 HPP

Murmansk Oblast

Murmansk

Apatity

1 CHPP 16 HPP

Karelia

Petrozavodsk

9 CHPP 7 HPP

Leningrad Oblast

4 Russian Federation constituent entities

8 MLN population

19 plants beyond the Polar Circle

¹ The stake of Fortum Power and Heat Oy is 29.99% (1,155,868,750,193 shares) as of 24.05.2021 — the issuance date of the list of persons entitled to participate in the Annual General Meeting of TGC-1 Shareholders with account of the disclosed nominee holders.

KEY EVENTS IN 2021



* JANUARY

- Power unit No. 2 at Pravoberezhnaya CHPP successfully passed competitive selection to be included in the project for securing the overall reliability of the Russian national power grid in the part of rationed primary frequency control.
- The equipment in the older sector of Pervomayskaya CHPP was completely decommissioned, and electricity consumers were switched to new 6 kV and 110 kV switchgears with a modern level of reliability and controllability.

* FEBRUARY

- The authorized officials from Russia, Norway and Finland signed a Protocol on the Finnish Lake Inari Water Regulation. It was the first time when the trilateral meeting was held online.

🌿 MARCH

- Top managers of TGC-1 took part in the meeting of the energy club at Peter the Great Saint Petersburg Polytechnic University.
- The largest combined heat and power plant in southwest Saint Petersburg, Avtovskaya CHPP, received a new generator stator for the turbine which undergoes upgrading.

🌿 APRIL

- Vedeneev VNIIG JSC (the Vedeneev All-Russian Hydraulic Engineering Research Institute) started the design and survey works for construction of a small HPP of TGC-1 in the Murmansk Oblast. The new plant will use the water resources from the Paz River to generate electricity.
- TGC-1 closed the largest sale transaction for I-REC Renewable Energy Certificates on the SBER blockchain platform. Certificates are issued in the interests of industrial enterprises and confirm the energy renewable sources.

🌿 MAY

- TGC-1 supplied "green" energy to the AB InBev Efes plants.
- TGC-1 improved the equipment reliability at Borisoglebskaya HPP. The implemented works allowed to increase vibration stability, reliability and operational safety of power generating equipment.

☀️ JUNE

- TGC-1 power engineers rendered help to the young wards from the charity organization Perspectivy.
- TGC-1 improved the reliability of primary equipment at Petrozavodskaya CHPP; and completed the major repairs of boiler unit No. 3.
- During the Saint Petersburg International Economic Forum 2021, TGC-1 and PhosAgro PJSC signed a cooperation agreement in the field of verifying the origin of generated and consumed electricity.
- TGC-1 took part in the Water of Russia All-Russian Ecological Campaign, which goal is to keep the shores of water bodies clean.



JULY

- Fitch Ratings affirmed TGC-1 rating at BBB, with a stable outlook.
- The Charity Action Policy of TGC-1 has been approved.
- The modernized hydroelectric generating unit No. 1 at Verkhne-Tulomskaya HPP was put into operation.
- Power unit No. 4 at Yuzhnaya CHPP successfully passed competitive selection to be included in the project for securing the overall reliability of the Russian national power grid in the part of rationed primary frequency control.



AUGUST

- TGC-1 launched a mobile application for customers. This application may be used to pay for heat and hot water without commission, to transmit meter readings, to receive receipts and monitor the charges.
- TGC-1, TEK SPb SUE (state unitary enterprise) and JSC "St. Petersburg Heating Grid" have agreed on optimization of heat supply zones.



SEPTEMBER

- The first phase of reconstruction of the heating grid at Petrozavodskaya CHPP was completed in order to deliver heat and hot water to 200,000 city residents.
- Reconstruction of the 330 kV outdoor switchgear at Putkinskaya HPP of the Kem Cascade was completed. The Company performed the range of works for replacing power equipment and relay protection and automation devices as part of the Northern Transit project run by the Ministry of Energy.
- S&P Global Ratings affirmed TGC-1 rating at BBB, with a stable outlook.



OCTOBER

- TGC-1 deployed a system for automatic transmission of data on the technical state of equipment. It speeds up data exchange and reduces the time needed to assess the condition of equipment.
- The power engineers of TGC-1 have completed the first phase of noise abatement works at Petrozavodskaya CHPP.



NOVEMBER

- Reconstruction of the hydraulic unit at Verkhne-Svirskaya HPP including replacement of the bridge crossing was completed in Podporozhye. Thereby TGC-1 improved the operational safety of the power plant and the Volgo-Baltic Waterway.
- TGC-1 and the Institute for Research and Expertise VEB.RF have agreed on the joint efforts for developing a "green" financial market.
- TGC-1 started selling "green" certificates corresponding to the international standard I-REC.



DECEMBER

- The first phase of reconstruction at Avtovskaya CHPP in Saint Petersburg was completed. Turbine unit No. 7 was modernized which increased its thermal and electric capacity; auxiliary equipment and utility systems were upgraded.
- TGC-1 and the Dutch company STX Commodities B.V. signed a sales agreement for Renewable Energy Certificates under the international standard I-REC. This is the first transaction of this kind made between TGC-1 and a foreign company.
- TGC-1 Green Certificates will be traded on the Saint Petersburg International Mercantile Exchange.
- Based on its performance in 2021, TGC-1 was rated second by environmental information transparency among fuel electric and heat generating companies in the Russian Federation, rising six points compared to its results last year. The rating methodology was developed by the initiative of WWF Russia.
- ACRA affirmed TGC-1 credit rating at AA+ (RU), with a stable outlook.

TGC-1 IN THE POWER SECTOR

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CURRENT SITUATION IN THE POWER SECTOR²

246,590.9

MW

The installed capacity of the power plants within the United Power System (UPS) of Russia as of 01.01.2022, which is 0.5% higher than as of 01.01.2021.

1,277.65

MW

Over the reporting year, the installed capacity of the power plants within the UPS of Russia decreased

The change in the installed capacity of power plants has been caused by:



2,716.07 MW

commissioning of new equipment



33.68 MW

decrease in the installed capacity of existing equipment due to its downrating



265.05 MW

increase in the installed capacity of existing generating equipment due to its uprating



227.0 MW

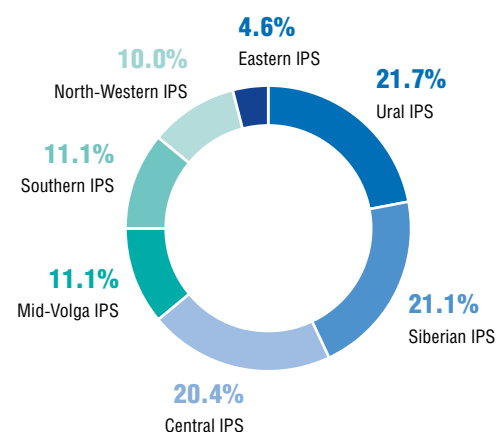
inclusion of the generating capacities of existing power plants of consumers operating in the retail market in the total installed capacity of the UPS of Russia

Generating equipment at power plants of the UPS of Russia with a total capacity of 1,896.8 MW was decommissioned.

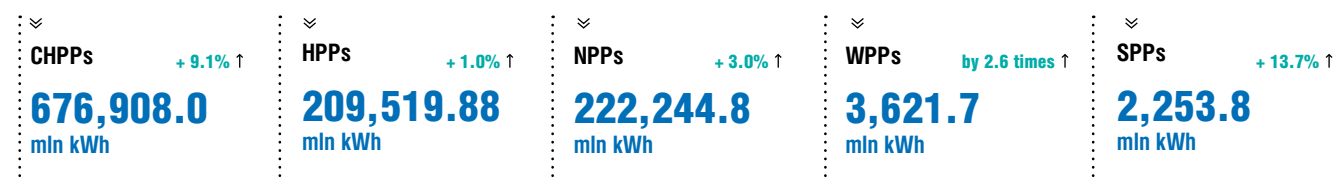
As of 01.01.2022, the installed capacity of North-Western IPS amounted to 24,758.14 MW showing an increase of 4.9% vs. 2020. The installed capacity of North-Western IPS accounts for 10.0% of the total installed capacity of the UPS of Russia. The contribution of TGC-1 to the total installed capacity of North-Western IPS is 28%.

In 2021, the electricity generation by power plants within the UPS of Russia, including electricity generated by power plants of industrial enterprises, reached 1,114,548.0 mln kWh (an increase of 6.4% vs. the power output in 2020), while the annual power output by power plants of different types was as follows:

Installed capacity of Interconnected Power Systems (IPS) included in the United Power System (UPS) of Russia as of 01.01.2022



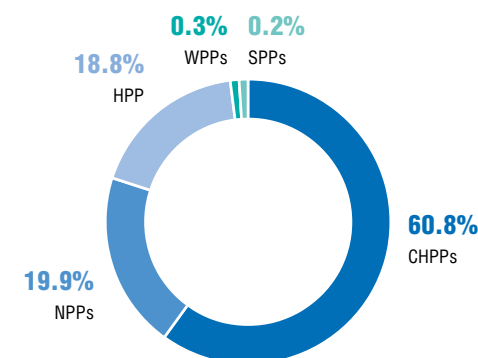
while the annual power output by power plants of different types was as follows:



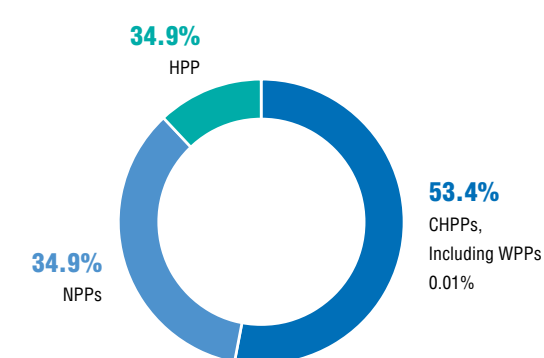
² Based on the Report on Functioning of the Russian United Power System in 2021 published on the website of the Russian Power System Operator.

Total electricity generation by North-Western IPS in 2021 increased by 8.5% and reached 115,410.2 mln kWh. The amount of electric power generated by CHPPs and NPPs increased by 11.6% and 7.8%, respectively, the amount of power generated by HPPs and WPPs decreased by 1.8% and 11.2%, respectively. The electric power generated by North-Western IPS in the total power output of the national power system of Russia is 10.4%. The contribution of TGC-1 to the total output of North-Western UPS is 26%.

Structure of electricity generation by the UPS of Russia in 2021, %



Structure of electricity generation by North-Western IPS in 2021, %



Actual electricity consumption from the UPS of Russia in 2021 was 1,090,437.0 mln kWh, which is 56,717.0 mln kWh higher compared to 2020 (+5.5%).

The annual maximum power consumption from the UPS of Russia was recorded on December 24, 2021 at 10:00 a.m. (Moscow time) at a daily mean ambient temperature of -15.7°C (4.2°C below the climatic norm and 2.6°C above the average daily temperature during the recorded 2020 annual maximum) and reached 161.4 GW, which is 11.0 GW higher than the annual maximum consumption in 2020.

Dynamics of electricity consumption across power systems of Russia, mln kWh

Power System	2020	2021	Δ (%)
Central IPS	239,905.8	256,331.5	+6.8
Mid-Volga IPS	104,557.5	111,430.8	+6.6
Ural IPS	246,338.8	256,677.3	+4.2
North-Western IPS	92,166.2	97,551.2	+5.8
Southern IPS	100,686.8	108,270.7	+7.5
Siberian IPS	209,368.7	217,321.9	+3.8
Eastern IPS	40,694.5	42,853.7	+5.3
UPS of Russia	1,033,718.4	1,090,437.0	+5.5

Dynamics of electricity consumption from North-Western IPS, mln kWh

Power System	2020	2021	Δ (%)
Arkhangelsk Oblast and Nenets Autonomous District	7,279.6	7,463.4	+2.5
Kaliningrad Oblast	4,361.7	4,685.5	+7.4
Republic of Karelia	7,814.6	8,301.9	+6.2
Republic of Komi	8,571.0	8,949.2	+4.4
Murmansk Oblast	12,383.2	11,973.4	-3.3
Novgorod Oblast	4,327.2	4,639.7	+7.2
Pskov Oblast	2,176.6	2,342.9	+7.6
Saint Petersburg city and Leningrad Oblast	45,252.2	49,195.2	+8.7
North-Western IPS	92,166.2	97,551.2	+5.8

COMPANY HISTORY

TGC-1 was established in 2005 during reformation of the Russian energy sector. However, the Company's history began much earlier – the first kilowatts were generated by the power plant, which is now part of TGC-1, far back in 1897. It was then when in Saint Petersburg, on Novgorodskaya Street, Helios, a Cologne company, launched the first stationary power plant in Russia.

In 1898, two more power plants started operating in the capital of the Russian Empire: One belonging to the Electric Lighting Company 1886 on the Obvodny Canal and the second one belonging to the Belgian Anonymous Company on embankment of the Fontanka River. Today, these first for our country power plants, which over past years have been reconstructed multiple times, are united within TGC-1 Centralnaya CHPP.

1898

In the 1920s, our country started to implement the legendary GOELRO plan (the Soviet plan for national economic recovery and development). Today, the first hydroelectric power station built under this plan, the Volkhovskaya HPP in the Leningrad Oblast, is forming a part of TGC-1. And the first thermal power plant which appeared under the GOELRO plan in the North-West, the Krasny Oktyabr CHPP, which was also part of the Company, was decommissioned in 2010, after operating for almost 88 years. It was replaced by a new power plant – Pravoberezhnaya CHPP, which produced its first kilowatts and gigacalories in 2006. The first GOELRO plants built in Karelia (Kondopozhskaya HPP) and in the Arctic Circle (Nizhne-Tulomskaya HPP and Niva HPP-2) also continue operating as part of the production complex of TGC-1.

1920s

During the World War II, the Leningrad power engineers carried out a unique operation, which went down in history as a breakthrough of the energy blockade of Leningrad. In the first months of war almost all the combined heat and power plants in the city under military blockade were stopped because there was no fuel. In 1942, an underwater cable was laid across Ladoga Lake to supply electricity to the city, and the Volkhovskaya HPP became the main source of energy for blockaded Leningrad.

At the beginning of the war, enemy troops repeatedly attacked strategically important facilities in the Arctic Circle: JSC "Murmanskaya CHPP", Nizhne-Tulomskaya HPP, and Niva HPP-2.

1941–1945

THE COMPANY'S GENERATING ASSETS

» 52

power plants of various types

» 4

constituent entities of the Russian Federation

Saint Petersburg, the Republic of Karelia, Leningrad Oblast and Murmansk Oblast.

Generated electricity is supplied to the domestic wholesale electricity and capacity market, as well as exported to Finland and Norway.

TGC-1 is a strategic supplier of heat in Saint Petersburg, Petrozavodsk, Murmansk, and Apatity and Kirovsk in the Murmansk Oblast.

In the postwar years, the energy sector in the North-West of the country continued developing at fast pace. New power plants were built in Leningrad, Petrozavodsk, Murmansk. At the end of the 20th century, they were reorganized into independent entities.

1945–2000

In 2005, as part of the reform of the Russian energy sector, TGC-1 OJSC was established on the basis of the generating assets of Lenenergo OJSC, Kolenergo OJSC and Karelenenergo OJSC.

2005

On August 01, 2016, Open Joint Stock Company "Territorial Generating Company No. 1" was renamed into Public Joint Stock Company "Territorial Generating Company No. 1" to bring it in compliance with the applicable laws. Changes in the legal form of the Company were reflected in the new edition of the Charter approved on June 20, 2016 by the Annual General Meeting of Shareholders and registered on August 1, 2016 pursuant to the procedure established by the law.

2016

COMPETITIVE ENVIRONMENT

ELECTRIC POWER MARKET

The main space for competitive interactions in the wholesale electricity market for TGC-1 is the day-ahead market (DAM).

For strengthening its competitiveness in the market, TGC-1 makes steps aimed at addressing the problem of pent-up capacities, optimizing the structure of electricity generation by CHPPs and HPPs, integrating new technologies, and retooling the production facilities.

In addition to TGC-1, Rosenergoatom Concern JSC (represented by Leningradskaya and Kolskaya Nuclear Power Plants), JSC “OGK 2” (Kirishskaya GRES), South-Western CHPP JSC and Inter RAO – Electric Generation JSC (a branch of North-Western CHPP), which also supplies electricity for export, and several other producers are involved in electric power generation in Saint Petersburg, Republic of Karelia, Leningrad Oblast and Murmansk Oblast.

THE MAIN COMPETITIVE ADVANTAGES OF TGC-1 INCLUDE:

- 

price advantage of CHPPs in terms of combined generation compared to condenser-type state district power plants (GRES);



geographical locations of the Company's plants making it possible to export electricity;
- 

price advantage of HPPs compared to heat power plants due to the absence of fuel costs;



possibility of selling “green” energy from renewable sources at a premium price for energy origination.

LENINGRADSKAYA NPP

Leningradskaya NPP (LNPP) is a branch of Rosenergoatom Concern JSC, located 42 km to the administrative border of Saint Petersburg on the southern shore of the Gulf of Finland, the Baltic Sea, in the city of Sosnovy Bor. It is the largest producer of electric energy in the North-West of Russia. The plant covers more than 55% of energy demand in Saint Petersburg city and the Leningrad Oblast. Currently, the company is actively pursuing construction of replacement facilities – VVER-1200 pressurized water reactors of generation III+ at LNPP-2 site.

By the end of 2021, four power units (two RBMK-1000 LNPP-1 units and two VVER-1200 LNPP-2 units) and 6 condensing steam turbines have been in operation. The installed electric capacity of the LNPP is 4,337.6 MW, and its heat capacity is 375 Gcal/h. Decommissioning of the last RBMK-1000 uranium-graphite channel-type reactors No. 3 and No. 4 is scheduled for 2025, commissioning of VVER-1200 power unit No. 7 is scheduled for 2026. In total, in 2021, LNPP generated 31 bln kWh of electricity and 805 thousand Gcal of heat energy.

Since the commissioning of electrical capacity at LNPP is of substitution nature in lieu of the equipment being decommissioned, the installed capacity will increase only slightly, which is not expected to have any significant impact on the competitive position of TGC-1.

KOLSKAYA NPP

Kolskaya NPP, a branch of Rosenergoatom Concern JSC, is located 170 km south of Murmansk and 11 km away from Polyarniye Zori settlement on the bank of Imandra Lake. Kolskaya NPP is the main electricity supplier for Murmansk Oblast (about 60%) and the Republic of Karelia.

Currently, 4 power units are in operation with VVER-440 reactors and K-220 steam turbines with a total electric capacity of 1,760 MW, which is about 50% of the installed capacity in the region, and a heat capacity of 125 Gcal/h. In 2018-2019, large-scale repair works were carried out extending the service life of power unit No. 1 and power unit No. 2 to 2033 and 2034, respectively.

The potential annual generation capacity of Kolskaya NPP is 14 bln kWh of electricity. Today, the capacity of Kolskaya NPP is not fully used, which paves the way for further development of industry in the region. Electricity output in 2021 was 9.3 bln kWh.

KIRISHSKAYA GRES

Kirishskaya GRES, located in the city of Kirishi in the Leningrad Oblast on the Volkhov River, 150 km south-east of Saint Petersburg, is the largest heat power plant of the North-Western IPS and the most similar, in terms of its production and technological cycles, to the combined sources of TGC-1.

By the end of 2021, the total installed capacity of GRES was as follows: electric capacity – 2,555 MW, heat capacity – 1,070 Gcal/h, including steam turbine output – 1,070 Gcal/h. The plant passed a competitive selection for capacity modernization and will be modernized on a phased basis between 2022 and 2025. In 2021, Kirishskaya GRES in total produced 6,101.798 mln kWh of electric energy and 2,613 thousand Gcal of heat energy.

NORTH-WESTERN CHPP

North-Western CHPP of Inter RAO – Electric Generation JSC, located in the Primorsky District of Saint Petersburg on the coast of the Gulf of Finland, is the first power plant in the Russian Federation of the CCGT binary cycle.

The total electric capacity of North-Western CHPP is 900 MW and its heat capacity is 700 Gcal/hour. The plant supplies heat to the Primorsky District of Saint Petersburg and is an energy provider not only in the power system of Russia, but the same as TGC-1, also in the power system of Finland. In 2021, electricity generation amounted to 5.8 bln kWh, and heat output was 2,007 thousand Gcal.

SOUTH-WESTERN CHPP

South-Western CHPP is the base source of heat and electricity for new districts in the south-west of the Primorsky District of Saint Petersburg and a multifunctional housing complex Baltiyskaya Zhemchuzhina (Baltic Pearl). Its sole shareholder is the constituent entity of the Russian Federation – the federal city Saint Petersburg, represented by the Property Relations Committee.

At the end of 2021, the installed electrical capacity of the plant was 460 MW, the heat capacity was 470 Gcal/h. In 2021, electricity output was 3.3 bln kWh and heat output was 1,104 thousand Gcal.

NEW GENERATION FACILITIES

According to the approved Agenda and Program for Development of the UPS of Russia, the following generation facilities are expected to appear in the regions of the Company presence until 2027:

- Kolskaya WPP of Enel Rus Wind Kola LLC (2021, commissioning shifted to 2022), with a capacity of 200.97 MW;
- Beloporozhskaya HPP-1 and Beloporozhskaya HPP-2 of Nord Hydro JSC in the Republic of Karelia (2021, commissioning shifted to 2022); with a total installed capacity of 49.8 MW;
- Segozerskaya HPP SHPP of EuroSibEnergo-Hydrogeneration JSC in the Republic of Karelia (2022), with an installed capacity of 8.1 MW;

Including the plans that are not yet included in the calculation of load balancing at the North-Western IPS:

- Sviritsa WPP LLC in the Leningrad Oblast; with a capacity of 69 MW (2024);
- WPP facilities of Vetroparki FRV LLC in the Murmansk Oblast, with a total installed capacity of 150 MW (2022).

HEAT ENERGY MARKET

TGC-1 supplies heat energy to the territories in Saint Petersburg, Leningrad Oblast (Nevsky Branch), Murmansk Oblast (Kolsky Branch, JSC “Murmanskaya CHPP”), and the Republic of Karelia (Karelsky Branch).

📍 Saint Petersburg

Today, the main producers of heat energy in Saint Petersburg are as follows:

- TGC-1;
- TEC of Saint Petersburg SUE;
- Peterburgteploenergo LLC;
- North-Western CHPP Branch of INTER RAO – Electric Generation JSC;
- South-Western CHPP.

Structure of heat energy market in Saint-Petersburg as of 31.12.2021

Heat Provider	Average annual installed heating capacity, Gcal/h	Connected heat load, Gcal/h	Heat output to consumers, thousand Gcal	Market share, %
TGC-1	11,077	10,489	17,078	41.7
TEC of Saint Petersburg SUE	9,048	9,900	18,257	44.5
Peterburgteploenergo LLC	2,301	1,689	2,973	7.3
North-Western CHPP branch of INTER RAO – Electric Generation JSC	700	294	1,420	3.5

In addition, there are some other heat providers in Saint Petersburg with a heat output of less than 1,000 thousand Gcal per year, their aggregate contribution to the useful output does not exceed 5%.

📍 Leningrad Oblast

In the Leningrad Oblast, TGC-1 is a heat provider for the Vsevolozhsky and Lodeynopolsky Districts.

In the Lodeynopolsky District, all heat energy generated by the electric boiler belonging to TGC-1 is sold to Leningrad Regional Heat and Power Company JSC, a wholesale purchaser/reseller that supplies heat to consumers in Svirstroy settlement.

Northern CHPP of Nevsky Branch of TGC-1 is the main source of heat for consumers in Murinskoe Rural Settlement and Novodevyatkinskoe Rural Settlement in the Vsevolozhsk Municipal District of the Leningrad Oblast.

Pravoberezhnaya CHPP of the Nevsky Branch of TGC-1 is the main source of heat for consumers in Kudrovo town.

📍 Murmansk Oblast

Apatitskaya CHPP of the Kolsky Branch of TGC-1 is the only source of heat for Apatity and Kirovsk.

Structure of heat energy market in Apatity and Kirovsk, Murmansk Oblast, as of 31.12.2021

Heat Provider	Average annual installed heating capacity, Gcal/h	Connected heat load, Gcal/h	Heat output to consumers, thousand Gcal	Market share, %
TGC-1	535	521	1,354	100%

In addition to Apatitskaya CHPP, another heat provider in the Murmansk Oblast is a subsidiary of TGC-1 – JSC “Murmanskaya CHPP”, which is a strategic provider of heat energy in Murmansk, covering 72% of the heat market. Murmanenergosbyt JSC may be considered as the only competitor to JSC “Murmanskaya CHPP”.

📍 Republic of Karelia

The Karelsky (Karelian) Branch is selling heat energy, including heat produced by Petrozavodskaya CHPP, to Petrozavodsk, as well as the Prionezhsky and Pryazhinsky Districts.

Structure of the heat energy market in Petrozavodsk, the Prionezhsky and Pryazhinsky Districts in the Republic of Karelia as of 31.12.2021

Heat Provider	Average annual installed heating capacity, Gcal/h	Connected heat load*, Gcal/h	Heat output to consumers, thousand Gcal	Market share, %
TGC-1	730	777	2,080	100%

* taking into account the connection of consumers to third-party sources of heat energy

For improving its performance in the heat supply market, the Company makes continuous efforts to connect new consumers, maintain high quality of provided services, and reduce the amount of outstanding receivables.

Structure of useful heat output by regulation type broken down by consumer groups

Useful Heat Output by Regulation Type/Consumer Groups, thousand Gcal	Nevsky, Kolsky, Karelsky Branches			JSC “Murmanskaya CHPP”		
	2019	2020	2021	2019	2020	2021
Wholesale purchasers/resellers (including heat supplying entities)	4,274	4,139	4,680	0	0	0
State-run consumers	1,975	1,860	2,189	274	261	289
Industrial and equivalent customers	858	747	817	43	38	44
Housing and utility facilities	9,212	8,245	8,757	267	157	162
Households (population)	2,088	2,649	3,246	1,104	1,214	1,198
Other	1,760	1,604	1,975	208	179	190
Heat energy for loss compensation	2,299	2,182	2,343	114	112	117
TOTAL	22,465	21,424	24,006	2,011	1,962	2,001

PRIORITY AREAS AND PROSPECTS FOR DEVELOPMENT OF TGC-1

The key strategic goal of TGC-1 is to ensure stable profit growth while maintaining high reliability of energy supplies to all consumers.

The Development Strategy embraces the challenges posed by all actors in the energy market and aims to secure stable financial and economic performance of the Company in the medium and long run.

- The Development Strategy envisages certain actions in the below areas consistent with the key goals pursued by Gazprom Group in the electric power sector:



Implementing modernization and new construction projects – updating and growing production assets, optimizing operating costs;



Achieving sustainable profitability at JSC “Murmanskaya CHPP” – developing solutions to compensate for the costs of heating oil and avoiding oil dependence;



Taking action for import substitution and giving priority to the use of Russian equipment – eliminating the vulnerabilities in critical technological systems, reducing technological dependence;



Innovation – continuous improvement of technological processes and minimization of operating costs through adoption of innovative solutions;



Improving production efficiency – optimizing the use of resources, embracing technical and technological potential;



Diversification of business – access to related segments that have synergies with the current business, in order to find new sources of income;

Developing heat generation business, which requires a functional change in the business structure, improving the customer orientation, increasing the volume of sales and expanding the area of presence, improving the payment discipline of consumers.

As part of TGC-1 Development Strategy, the first phase of reconstruction at Verkhne-Tulomskaya HPP, – the largest HPP in Murmansk Oblast, was completed in 2021, which increased the installed capacity of the Company’s renewable energy sources by 16 MW. The first phase of the Avtovskaya CHPP modernization was completed as part of the pilot stage of capacities for modernization in 2022-2024. The project was supported with information modeling at a stage of design, construction and installation works, which helped save time and resources during its implementation and complete the works on time.

Starting from December 2020, TGC-1 has been receiving additional revenues from selling international origin certificates for electric energy under I-REC Standard and renewable hydro energy under non-regulated bilateral contracts at a premium price on top of the wholesale market price.

Our new partners include Sberbank PJSC, PhosAgro PJSC, SIBUR Holding PJSC, AB InBev Efes JSC, Polyus PJSC, BEKO LLC, Shchekinoazot Chemical Company and others. In December 2021, we made our first international deal with a Dutch market maker of environmental goods. We plan to direct all additional revenues coming from the “green” origin of energy to implementation of ESG initiatives.

In April 2021, design developing for a new 16.5 MW small HPP, which will use the hydroelectric resources of the Paz River in the Murmansk Oblast, began. The plan is to start supplying power to the wholesale electric power and capacity market in December 2024.

In cooperation with the Government of Saint Petersburg the depreciated heating networks of JSC “St. Petersburg Heating Grid” received additional reconstruction paid from the state

investments and work was started to switch heating loads from inefficient boilers of TEC Saint Petersburg SUE to CHPPs of TGC-1.

In 2021, the Company completed integration of the quality management system and successfully passed certification for compliance with the requirements of STO Gazprom 9001-2018, ISO 9001:2015 and GOST R ISO 9001-2015.

TGC-1 prospects for developing renewable energy sources

TGC-1 is considering the possibility of implementing investment projects for the construction of generating facilities operating on the basis of renewable energy sources (RES), as part of the state support program for RES in the wholesale and retail electricity (capacity) markets.

In 2021, based on the results of the competitive selection of projects for construction of generating facilities operating based on RES, which will generate electric energy (capacity) for selling in the retail electricity markets, the application of VIE Invest LLC (RES Invest) (part of the Gazprom energoholding Group) was selected, it was prepared by TGC-1 for the project of constructing a wind power plant (WPP) in the Leningrad Oblast with an installed

capacity of 24.9 MW and a scheduled date for the start of its industrial operation is 01.12.2024. This project is implemented under supervision of TGC-1.

Following decisions taken by the Government of the Russian Federation, the second phase of the RES support program for 2025-2035 is currently underway. TGC-1 has a determination to develop its portfolio of RES projects and diversify its core business and is considering participation in future competitive selections of projects for construction of WPPs (wind power plants) and SHPPs (small hydro power plants) in wholesale and retail electricity (capacity) markets. In preparation for participation in these selections, measures are taken to evaluate promising sites and determine the most effective mechanism for project implementation.

TGC-1 also takes an active part in the development of market tools for boosting the voluntary demand for RES energy, using the unique structure of the Company’s production assets, 40% of which are HPPs with an installed capacity of about 3,000 MW:

“Green” Certificates (Energy Origin Certificates):

In 2021, TGC-1 acceded to the international renewable energy accounting standard of I-REC Standard Foundation as a producer of renewable energy and received the right to issue I-REC Certificates for the electricity produced at HPPs, certified and registered with the Association of Energy Market Participants Goal Number Seven. In 2021, TGC-1 concluded transactions for more than 250 thousand I-REC certificates (equivalent to 250 thousand MWh of renewable energy) with biggest companies, including Sberbank PJSC, Polyus PJSC, Shchekinoazot JSC. TGC-1 is also considering the possibility of becoming part of the national system of electricity origin certificates circulation pursuant to the amendments to the Federal Law “On Electric Power Sector” (amendments are expected to come in force in autumn 2022).

Non-Regulated Bilateral Sales Contracts for Electric Power (NRBC):

TGC-1 concluded NRBCs with Apatit JSC, AB InBev Efes.

Investment (physical) NRBCs:

Currently, the conditions and possibilities of launching this mechanism for facilities with an installed capacity of more than 25 MW are being discussed with infrastructure organizations (Market Council Non-Profit Partnership) and competent federal executive authorities (Ministry of Energy, Ministry of Economic Development).

Capacity gained through implementation of key investment projects

TGC-1 completed an ambitious program of building up new capacities and fully implemented its investment obligations in respect of the projects stipulated under CSA.

Under the program, the modern power units with a total capacity of 1.7 GW were commissioned, including 1.3 GW of highly efficient combined heat and power plants, and the inefficient generation facilities with a total capacity of 0.7 GW were decommissioned. In December 2016, the last facility, i.e. a gas turbine thermal power plant at PP-1 of Centralnaya CHPP with an installed electric capacity of 100 MW, was commissioned.

At present, the turbine units of the second stage at Avtovskaya CHPP undergo modernization as part of the project of massive reconstruction of CHPP under the CCTMod program, which also includes reconstruction of the outdoor switchgears, construction of a process water recirculation system, reconstruction of the general plant systems and other activities.

Reconstruction of PP-2 at Centralnaya CHPP, including construction of a new hot water boiler and upgrading of fuel oil facilities is underway. It is planned to decommission the old equipment.

In addition to heat generation, TGC-1 is reconstructing and retrofitting the primary equipment at HPPs in the Republic of Karelia, Leningrad Oblast, and Murmansk Oblast, and commissioning the up-to-date process control systems, telemechanics and communication systems. Currently, a project is going on to replace four hydroelectric units at Verkhne-Tulomskaya HPP of the Tuloma and Serebryansky Cascade which will increase their capacity. In 2021, the project started for construction of a small HPP on the Paz River in the Murmansk Oblast.

Therefore, the expected major changes in capacity will be as follows:

PP-2 AT CENTRALNAYA CHPP

↓ **- 23 MW, - 756 Gcal/h**
Decommissioning of the old equipment

↑ **+ 730 Gcal/h**
commissioning of a hot water boiler in 2024.

AVTOVSKAYA CHPP

↓ **- 64 MW, - 186 Gcal/h**
Decommissioning of turbines Nos. 1, 4, 5

↑ **+ 49 MW, + 58 Gcal/h**
modernization of turbines Nos. 6, 7 completion in 2024.

VERKHNE-TULOMSKAYA HPPC

↑ **+ 32 MW**
Modernization of four hydroelectric units with a capacity gain (+32 MW as a result of the project, including +16 MW within a time span 2022-2024), completion in 2024;

A SMALL HPP ON THE PAZ RIVER

↑ **+ 16,5 MW**
New construction completion in 2024

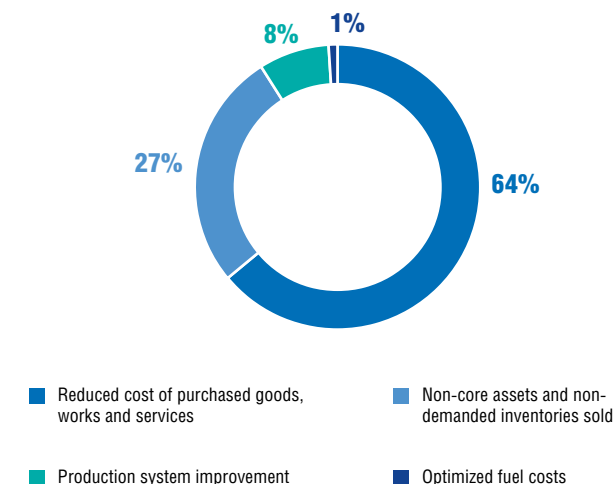
Operating efficiency improvement

TGC-1 is continuously working to improve its operating efficiency and is implementing the cost optimization plans for improving its financial performance. The Company annually makes and accomplishes the plans in various fields (with multiple activities).

In 2021, the Company carried out the following activities to improve its operational efficiency:

- organizational and technical measures were taken to make the production system more advanced, with a view to improving the efficiency of fuel and water utilization, and to reducing the power consumption for own needs of power plants;
- reduced cost of fuel, goods, works and services through the use of competitive procurement methods;
- fuel costs were optimized through participation of the Company in bidding on Saint Petersburg International Mercantile Exchange (SPIMEX JSC);
- steps were taken to optimize warehousing: the inventories not demanded by production and the decommissioned equipment were sold;
- non-core assets were sold, etc.

Operating efficiency improvement



830.7

mIn RUB

The overall effect of the action plan aiming to increase operating efficiency and optimize costs of TGC-1 in 2021 amounted to

Further actions to increase operating efficiency and optimize costs of TGC-1 will be taken in 2022.

Corporate Management Systems

Information System for Optimizing Operations at Wholesale Electricity and Capacity Market (SOO WECM)

The purpose of SOA WECM is to improve efficiency of operations of TGC-1 CHPPs by achieving the maximum possible marginal income from production and selling of electrical and heat energy.

Electronic System and Mobile Application “Chief Engineer’s Personal Account”

This system has been developed to provide analytical and informational support to chief engineers and directors at various levels for better decision-making, which is achieved by letting them access to accurate and reliable information on key performance indicators of TGC-1 business units, subsidiaries and Administration.

Electronic System for Prevention of Electrical Injuries

This electronic system is a mobile and web-based application. The system is designed to improve the reliability and safety of switching operations in electrical installations of TGC-1, and, consequently, to minimize economic losses by preventing incidents and accidents caused by errors of operating personnel.

PRODUCTION OPERATIONS OVERVIEW



PRODUCTION CAPACITIES

At the end of 2021, the installed capacity of the Company's power plants (including JSC "Murmanskaya CHPP") was 6,888.9 MW (electric capacity) and 13,521 Gcal/h (heat capacity).

THE BACKBONE OF PRODUCTION CAPACITIES OF TGC-1 IS MADE BY 52 POWER PLANTS, INCLUDING:



40 HPP

Hydroelectric power plants



12 CHPP

Combined heat and power plants including JSC "Murmanskaya CHPP" subsidiary

Most HPPs located sequentially downstream the water course and interconnected by the common water regime are combined into cascades.

Most production facilities of TGC-1 are concentrated within the Nevsky Branch, which includes 9 CHPPs with an installed electric capacity of 3,497.5 MW and heat capacity of 11,119.0 Gcal/h, as well as 7 HPPs with a total installed electric capacity of 707.8 MW. The Karelsky Branch is represented

by Petrozavodskaya CHPP and boiler plants with the installed capacity of 280.0 MW and 730 Gcal/h, and 16 HPPs combined into 3 cascades with a total installed capacity of 553.7 MW. Apatitskaya CHPP (230.0 MW and 535.0 Gcal/h) and 17 HPPs united in 3 cascades with a total installed capacity of 1,607.9 MW operate in the Kolsky Branch. In addition to that, JSC "Murmanskaya CHPP" in the Murmansk Oblast generates electricity and heat with an installed electric capacity of 12 MW and heat capacity of 1,137.0 Gcal/h.

The causes of change in the installed capacity of power plants during 2021

During 2021, the installed electric capacity reduced by 35.6 MW. The change in the installed electric capacity has been caused by:

- decommissioning of TG-4 and TG-5 at CHPP-15;
- increase in the installed capacity of hydroelectric unit No. 1 at Verkhne-Tulomskaya HPP after modernization;
- decrease in the installed capacity after downrating of hydroelectric unit No. 1 at Nizhne-Teriberskaya HPP.

During 2021, the installed heat capacity increased by 40.49 MW. The change in the installed heat capacity has been caused by:

- decommissioning of TG-4 and TG-5 at CHPP-15;
- reconstruction of boiler plants of the Karelsky Branch.

The causes of change in the available capacity of power plants during 2021

The main cause of change in the available capacity of the Company's power plants is the decommissioning of the old generating equipment at Avtovskaya CHPP and the lower water level at the Karelsky Branch HPP compared to 2020.



Production capacities of TGC-1 as of 31.12.2021

	Installed electric capacity, MW	Δ, 2021/2020	Installed heat capacity, Gcal/h	Δ, 2021/2020
NEVSKY BRANCH				
Centralnaya CHPP	123		1,380	
Pravoberezhnaya CHPP	643		1,303	
Vasileostrovskaya CHPP	135		1,113	
Pervomaiskaya CHPP	360		928	
Avtovskaya CHPP	279	-42	1,778	40
Vyborgskaya CHPP	250.5		1,056	
Severnaya CHPP	500		1,208	
Yuzhnaya CHPP	1,207		2,353	
Ladoga Cascade	343		-	
Narva HPP	124.8		-	
Vuoksa Cascade	240		-	
TOTAL NEVSKY BRANCH	4,205.30	-42	11,119	40
KARELSKY BRANCH				
Petrozavodskaya CHPP	280		689	
Boiler plants	-		41.02	0.49
Vyg Cascade	160		-	
Kem Cascade	330		-	
Suna Cascade	63.7		-	
TOTAL KARELSKY BRANCH	833.7		730.02	0.49
KOLSKY BRANCH				
Apatitskaya CHPP	230		535	
Niva Cascade	568.4		-	
Paz Cascade	187.6		-	
Tuloma and Serebryansky Cascade	851.9	6.4	-	
TOTAL KOLSKY BRANCH	1,837.9	6.4	535	
TOTAL TGC-1	6,876.90	-35.60	12,384.02	40.49
JSC “Murmanskaya CHPP”	12		1,137	
TOTAL TGC-1 INCLUDING JSC “MURMANSKAYA CHPP”	6,888.90	-35.60	13,521.02	40.49

* ICUF– Installed Capacity Utilization Factor.
** Diesel fuel – emergency fuel at Pervomayskaya CHPP.
*** Fuel oil– auxiliary fuel at Apatitskaya CHPP.

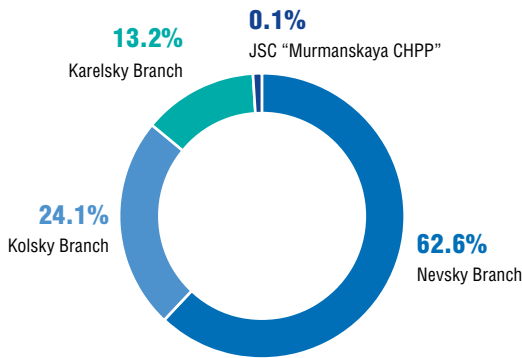
	Available capacity, MW	Δ, 2021/2020	ICUF (for electric power)*, %	Δ, 2021/2020	Fuel (main/ backup)
	123		55.3	13.8	Gas / fuel oil
	643		66.4	16.9	Gas / fuel oil
	135		62.3	10	Gas / fuel oil
	360		59.9	1.7	Gas / fuel oil / diesel fuel**
	279	-42	30.2	-3.5	Gas / fuel oil
	250.5		38.6	4	Gas / fuel oil
	500		48	6.5	Gas / fuel oil
	1,207		43.3	6.5	Gas / fuel oil
	260.4		49.7	-6.4	-
	124.8		53.4	-1.3	-
	240		73.5	9.2	-
	4,122.7	-42	51.1	6.1	-
	254		52.3	8.1	Gas / fuel oil
					Coal, firewood
	110	-14.2	65.9	-5.8	-
	170.0	-38.4	51.4	-3.4	-
	38.2	-10.2	50.6	-17.3	-
	572.2	-62.8	54.4	-1.1	-
	167		22.3	1.2	Coal / fuel oil***
	563.2		68.7	5.2	-
	187.6		56.3	-2.4	-
	851.9	6.4	33.2	-0.4	-
	1,769.7	6.4	45.2	1.3	-
	6,464.6	-98.4	49.9	4	-
	12		16.0	0.2	Fuel oil
	6,476.57	-98.4	49.9	4	-

ELECTRICITY PRODUCTION

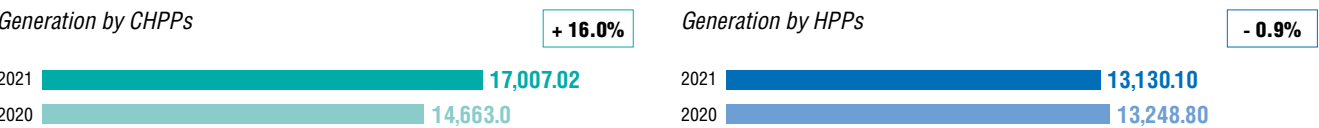
At year-end 2021, TGC-1, including JSC “Murmanskaya CHPP”, generated 30,137.15 mln kWh of electricity, an increase of 8% versus 2020.

Electricity generation by combined heat and power plants increased by 16% in 2021 versus 2020. The main factors behind increase in the power output at power plants are growth in demand in the Northwestern district, as well as heightened demand for generating equipment in the wholesale electricity and capacity market. It is noteworthy that electric power generation by HPPs remained at the same level as in 2020 with a slight decrease by 0.9%.

Electric power generation by TGC-1 branches and JSC “Murmanskaya CHPP” in 2021



Electricity generation by CHPPs and HPPs of TGC-1 in 2020-2021, mln kWh



Electric power generation by power plants of TGC-1 in 2020-2021, mln kWh

	2020	2021
NEVSKY BRANCH		
Centralnaya CHPP	447.92	595.56
Pravoberezhnaya CHPP	2,797.92	3,738.42
Vasileostrovskaya CHPP	619.96	736.18
Pervomaiskaya CHPP	1,838.94	1,890.21
Avtovskaya CHPP	949.86	767.67
Vyborgskaya CHPP	761.50	846.60
Severnaya CHPP	1,822.19	2,102.90
Yuzhnaya CHPP	3,896.67	4,581.39
Narva HPP	599.61	583.66
Vuoksa Cascade	1,355.91	1,545.08
Ladoga Cascade	1,691.09	1,491.97
TOTAL FOR NEVSKY BRANCH	16,781.57	18,879.65
KARELSKY BRANCH		
Petrozavodskaya CHPP	1,086.04	1,281.69
Vyg Cascade	1,007.88	923.41
Kem Cascade	1,587.47	1,485.00
Suna Cascade	380.04	282.41
TOTAL FOR KARELSKY BRANCH	4,061.43	3,972.52
KOLSKY BRANCH		
Apatitskaya CHPP	425.34	449.60
Niva Cascade	3,168.89	3,421.84
Paz Cascade	967.84	924.65
Tuloma and Serebryansky Cascade	2,490.08	2,472.09
TOTAL FOR KOLSKY BRANCH	7,052.15	7,268.18
JSC “Murmanskaya CHPP”	16.62	16.80
TOTAL FOR TGC-1 EXCLUDING JSC “MURMANSKAYA CHPP”	27,895.14	30,120.35
TOTAL FOR TGC-1 INCLUDING JSC “MURMANSKAYA CHPP”	27,911.77	30,137.15
TOTAL for CHPPs	14,662.97	17,007.02
TOTAL for HPPs	13,248.79	13,130.10

Hydrological situation in regions of the Company’s presence.
the effect of water level on electric power output

NEVSKY BRANCH

Generally, in the year 2021, within the territory of Nevsky Branch, the water levels were slightly higher than the average with an exceedance probability of about 45%.

The reserve of hydro resources in the reservoirs of the branch HPP in the first and second quarters of 2021 was higher than the average long-term indicators. The high water levels may be explained by a large amount of rainfall in fall 2020 and winter 2021.

Starting from the third quarter, the water level decreased due to the lack of precipitation, the water inflow into reservoirs until the end of 2021 was close to the long-term average values.

The energy generation by Nevsky Branch HPP in 2021 amounted to 3,620.7 mln kWh, which is 12.8% higher than the plan.

The increase in generation against the plan is caused by increased releases in the Vuoksa River due to the high water levels in winter and spring 2021 in the basin of Lake Saimaa.

3,620.7
mln kWh

The energy generation by Nevsky Branch HPP in 2021

KARELSKY BRANCH

The water inflow into the reservoirs of the Karelian HPPs in Q1 was 5-30% above the required supply, which helped exceed the plan for electricity generation by 26%.

Water inflows during the spring flood were higher than the long-term average, which made it possible for HPPs to exceed the electricity generation plan in Q2 by almost 14%.

The summer period was dry, which led to the lower water levels, and the Q3 power generation targets were underfulfilled by 5%.

Autumn rain floods contributed to a slight increase in water levels, so electricity generation targets were exceeded by 10% in October and December.

Thus, the water levels in 2021 were higher than the long-term annual average for the majority of Karelian water bodies. Due to the above, the total amount of electricity generated by Karelsky Branch of TGC-1 in 2021 was 2,690.8 mln kWh, which is 10.5% higher than planned.

2,690.8
mln kWh

The total amount of electricity generated by Karelsky Branch

KOLSKY BRANCH

The maximum water reserves in the snow cover across most territories of the Kolsky Branch were 60-80% of the norm and 40-60% compared to last year.

In the second half of June, the flood mostly ended. The water supply during the flood period (May-July) for the system was 50-70%.

The volume of annual inflows within the system as a whole amounted to 36.1 km3 with an exceedance probability of 20%, which is higher than the average long-term values. Due to the above, the total amount of electricity generated by Kolsky Branch of TGC-1 in 2021 exceeded the plan and was 6,818.6 mln kWh, which is 3.3% higher than planned.

6,818.6
mln kWh

The total amount of electricity generated by Kolsky Branch

HEAT ENERGY
PRODUCTION

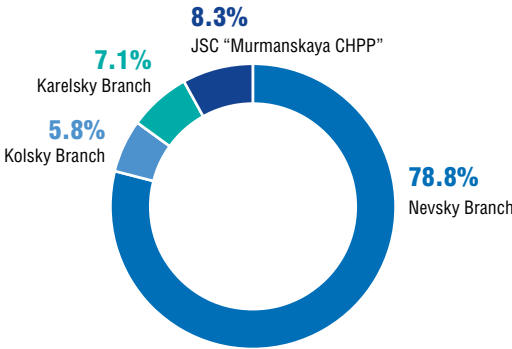
The heat energy output from the collectors of TGC-1, including JSC “Murmanskaya CHPP”, amounted to 26,145.26 thousand Gcal, a 13.4% increase versus 2020, mostly due to the low outdoor temperatures during the heating season of 2021.

26,145.26

thousand Gcal

The heat energy output from the collectors
of TGC-1

Heat generation by TGC-1 branches and JSC “Murmanskaya CHPP” in 2021



Heat generation by power plants of TGC-1 in 2020-2021, thousand Gcal

	2020	2021
NEVSKY BRANCH		
Centralnaya CHPP	2,156.81	2,508.23
Pravoberezhnaya CHPP	2,233.61	2,505.79
Vasileostrovskaya CHPP	1,715.94	1,950.51
Pervomaiskaya CHPP	1,548.09	1,822.67
Avtovskaya CHPP	2,832.69	3,226.73
Vyborgskaya CHPP	1,081.32	1,255.45
Severnaya CHPP	2,861.65	3,202.52
Yuzhnaya CHPP	3,606.95	4,133.90
Boiler plants	3.11	3.353
TOTAL FOR NEVSKY BRANCH	18,040.17	20,609.15
KARELSKY BRANCH		
Petrozavodskaya CHPP	1,592.63	1,811.17
Boiler plants	34.78	39.34
Electric boiler plants	0.59	0.66
TOTAL FOR KARELSKY BRANCH	1,628.00	1,851.17
KOLSKY BRANCH		
Apatitskaya CHPP	1,364.52	1,515.09
Electric boiler plants	3.12	2.94404
TOTAL FOR KOLSKY BRANCH	1,367.64	1,518.03
JSC “Murmanskaya CHPP”	2,011.07	2,166.91
TOTAL FOR TGC-1 EXCLUDING JSC “MURMANSKAYA CHPP”	21,035.80	23,978.36
TOTAL FOR TGC-1 INCLUDING JSC “MURMANSKAYA CHPP”	23,046.87	26,145.26

Ambient air temperature, °C

Populated locality	Ambient air temperature, annual average			Ambient air temperature, heating season average		
	2020	2021	Change	2020	2021	Change
Saint Petersburg	+8.3	+6.5	-1.8	+4.2	+0.1	-4.1
Petrozavodsk	+6.4	+4.6	-1.8	+2.2	-1.9	-4.1
Apatity	+3.2	+1.1	-2.1	-1.1	-3.4	-2.3
Murmansk	+2.6	+0.8	-1.8	-1.3	-3.1	-1.8

ANALYSIS OF FUEL UTILIZATION BY CHPPS OF TGC-1

The main indicator reflecting fuel utilization at the Company’s CHPPs is the specific consumption of standard fuel.

Specific consumption of standard fuel by CHPPs and boiler plants for electricity and heat generation at TGC-1 in 2020-2021*

	For electricity, g/kWh		For heat, kg/Gcal	
	2020	2021	2020	2021
Average for Nevsky Branch	206.3	167.9	207.5	168.4
Average for Karelsky Branch	217.6	168.8	240.1	170.3
Average for Kolsky Branch	187.7	179.2	185.3	178.6
AVERAGE FOR TGC-1	206.7	168.7	209.4	169.2
JSC “Murmanskaya CHPP” **		174		174

* The specific consumption of standard consumption is calculated using a “physical” method for distribution of heat and electricity.
** The total volume of electricity generated in 2020-2021 was used for own needs; the specific consumption of standard fuel is calculated taking into account the Yuzhnaya and Vostochnaya boiler plants of JSC “Murmanskaya CHPP”.

In 2021, specific standard fuel consumption at TGC-1 per unit of electricity sold amounted to 209.4 g/kWh, which is 2.7 g/kWh higher than in 2020.

The specific standard fuel consumption per unit of heat sold increased by 0.5 kg/Gcal compared to 2020, amounting to 169.2 kg/Gcal.

- The factors that caused changes in the specific fuel consumption per unit of electricity and heat sold are as follows:
- Increased generation by plants operating in the condensing cycle by 3.23% compared to 2020;
 - Higher heat consumption for own needs due to the lower outdoor temperatures during the heating season;
 - Higher fuel and heat losses during the precommissioning and startup works after modernization of TG-7 at Avtovskaya CHPP.



ENERGY SAVING AND ENERGY EFFICIENCY

When determining new focus areas and objectives relating to the need to raise production efficiency, it is necessary to take into account that production of TGC-1 is based on combined generation and centralized heat supply.

The Energy Saving and Energy Efficiency Program of TGC-1 for 2019-2023, as amended to be consistent with the requirements of Gazprom Energoholding LLC, was approved by the Management Board of TGC-1 (Minutes No. 261 dated 11.06.2019).

The Energy Saving and Energy Efficiency Programs of TGC-1 and JSC “Murmanskaya CHPP” for 2021 (hereinafter referred to as the Programs) envisage:

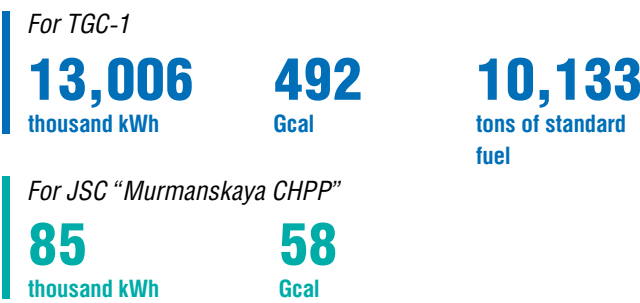
- measures to reduce suction in the gas and air ducts of boiler units, draft and blowing costs and temperature difference in turbine condensers and heat exchangers as part of the repair and investment programs of the companies;
- measures to fit all lighting devices with LEDs;
- renovation of heating grids using energy-efficient equipment; integration of effective technologies for thermal insulation of newly built heating grids, as well as for repairing broken thermal insulation;
- implementation of frequency control systems on pumps and CHDS;
- other measures seeking to make the use of fuel and energy resources more efficient.

The higher fuel utilization efficiency in 2021 was mainly achieved through maintenance and repair of existing power equipment.

The adoption of modern LED technologies, the use of gas-operated switches, and the introduction of frequency control systems for rotating mechanisms helped reduce the electricity consumption.

In 2021, TGC-1 had its energy management system certified for compliance with the requirements of ISO 50001:2018 standard. The key idea of applying international and Russian experience in energy efficiency management is to create a permanent managed system of continuous energy efficiency

The implementation of measures set forth in the Program in 2021 helped achieve the following estimated fuel and energy savings:



- The targets of the Company stated in the Energy Saving and Energy Efficiency Program:
- reduction of specific fuel consumption for electricity generation: the target was set at 217 g/kWh, while the actual reduction was 209.4 g/kWh. Thus, the target was met;
 - reduction of the specific fuel consumption for heat generation: the target was set at 169.3 kg/Gcal, and it was met (168.9 kg/Gcal).

improvement (Energy Management System) within the Company consistent with the approved strategy and policy, with clear lines of authority and responsibility between specific managers and departments. The Energy Management System takes into account the legislative and regulatory requirements that the Company must comply with, and enables it to apply a systematic approach to the continuous improvement of its energy efficiency. In essence, the Energy Management System forms a management infrastructure on a system basis and creates organizational tools for assessing the existing level of energy efficiency, determining the potential for its improvement, developing and monitoring activities aimed at improving the energy efficiency.

IMPLEMENTATION OF R&D PROGRAMS, PATENT AND RATIONALIZATION ACTIVITIES

The policy of TGC-1 in the field of scientific and technological development is determined by the adopted Concept of Technical Policy and Development of Generating Companies of Gazprom Energoholding LLC. The key objective of the technical policy is, in particular, to develop technical solutions that ensure advanced development of generating facilities, reliable supply of electricity and heat to consumers, minimization of specific fuel consumption by integrating cutting-edge technologies, as well as strong environmental performance.

Three major R&D projects aimed at improving energy efficiency and reliability were completed in 2021 as part of TGC-1 R&D Program and in order to comply with Gazprom Energoholding LLC protocols:

1 Research and development for creating a production asset management system using technical condition indices

In 2021, the second stage of Phase B of R&D “Creation of a Production Asset Management System Using Indices for Maintenance Expenditures” was completed, the purpose of which is the subsequent optimal allocation of costs for diagnostics, maintenance, repairs, replacement of equipment, as well as improving the reliability of equipment, creating a predictive analytics system for real-time diagnostics.

Range of works during the second stage:

1. Development of methodological support;
2. Data collection and normalization;
3. Creating a computing model.

Actual cost of works performed in 2020-2021 comprised RUB 129,178.00 thousand, ex-VAT, out of which RUB 57,256 thousand, ex-VAT, relate to the works performed in 2021.

2 Research work “Investigation of the possibility of industrial-scale production and use of hydrogen in the technological schemes of CHPP and HPP, production sites of stations, including potential external consumers”.

The hydroelectric power plants of TGC-1 have a reserve of power that can be used to test technologies for producing “green” hydrogen, as well as other products with a low carbon footprint. This topic is highly relevant due to the strategic commitment of the countries from the European Union and the Asia-Pacific region to reduce greenhouse gas emissions into the atmosphere. The development of technologies for the production, storage and transportation of hydrogen will preserve the competitiveness of the mineral resource sector of the Russian economy, as well as bring a wide range of carbon-neutral products with high added value to international markets.

The cost of work under the contract: RUB 15,000.00 thousand, excluding VAT. R&D work was completed in full in 2021.

3 Research, development and experimental work “Development and Manufacture of Thermal Insulation Based on Expanded Vermiculite for Steam Turbine Cylinders with an electric capacity up to 150 MW, Development of a Book of Typical Solutions”.

In pursuance of the Minutes of Gazprom Energoholding LLC dated 29.04.2020 and in accordance with the Primary Equipment Repair Schedule for 2021, an investment project “Development and Manufacture of Thermal Insulation Based on Expanded Vermiculite for Steam Turbine Cylinders with an electric capacity up to 150 MW, Development of a Book of Typical Solutions” is planned for implementation in order to deliver the physical scope of works at CHPP 17.

The purpose of the work is:

1. Development of innovative alternative thermal insulation samples based on expanded vermiculite with increased efficiency compared to the insulation used on steam turbine cylinders T-100/120-130/ T-123/130-130 at Vyborskaya CHPP (CHPP-17) and auxiliary thermomechanical equipment;
2. Development of engineering solutions for the most effective design of thermal insulation based on expanded vermiculite to replace the design asbestos-containing and other carcinogenic materials used;
3. Development of a book of typical engineering solutions for the use of thermal insulation materials based on expanded vermiculite for cylinders of steam turbine units with a capacity up to 150 MW and auxiliary equipment.

The cost of work under the contract: 12,150.00 thousand rubles excluding VAT. The work has been completed and paid in full.

The economic effect of implementing solutions developed during R&D projects in 2021 can be determined later, after their implementation and testing.

The Issuer’s Policy in the field of scientific and technological development is directed at obtaining new licenses and compliance with the licensing requirements under existing licenses.

Overview of R&D Programs, patent and rationalization activities implemented in 2019-2021

Indicator	Unit of measure	2019	2020	2021
Total costs as per work completion reports in the field of R&D	RUB mln, ex-VAT	26.3	42.9	57.3
Total costs for completed and accepted R&D	RUB mln, ex-VAT	26.3*	0*	12.2*
including those which yielded a positive effect	RUB mln, ex-VAT	26.3	0	12.2
Number of valid patents	pcs.	1	1	1
Number of rationalization proposals	pcs.	154	36	92**
Effect yielded by rationalization proposals	RUB mln, ex-VAT	0.54	0.00	0

* Reflects only the costs for R&D results entered in the books (accounted for) as Intangible Assets.

** The increase in quantitative indicators of rationalization activities in 2021 compared to 2020 is explained by better epidemiological situation with regard to the spread of coronavirus infection (COVID-19), and also demonstrates a tendency towards the return to “pre-Covid” values.

Most of the ideas and rationalization proposals submitted in 2021 are planned for implementation in 2022 and subsequent years. The main intent of ideas and rationalization proposals implemented in 2021 was not to achieve an economic effect, but to improve reliability and efficiency of equipment and to strengthen the good image of TGC-1.

REPAIR PROGRAM

The 2021 Repair Program of TGC-1 is intended to sustain the good working order of the fixed production assets while keeping costs for maintenance and repairs at an optimal level.

THE 2021 REPAIR PROGRAM OF TGC-1 HAS BEEN DEVELOPED BASED ON THE BELOW:

Long-term repair schedules for primary equipment of power plants;

The results of 2020 troubleshooting and repair programs;

Expert assessment of repair costs basing on the costs of repairing similar fixed assets in the past periods.

Annual repair schedules for primary and auxiliary equipment, as well as buildings and structures of power plants;

Forecasts for consumer price index and industrial producer price index;

Implementation of the Program of major and medium repairs of primary equipment in 2021

Equipment type	Nevsky Branch	Karelsky Branch	Kolsky Branch	TGC-1
Power boilers (pcs/t/h)	3/748	1/420	1/220	5/1,388
Turbine units (pcs/MW)	4/320	1/110	-	5/430
Hydroelectric units (pcs/MW)	2/49	5/72.9	4/63.1	11/185
Turbine generators (pcs/MW)	2/223	1/60	-	3/283

Including CCGT:

Inspection	Nevsky Branch	Karelsky Branch	Kolsky Branch	TGC-1
Hot gas path inspections (pcs/MW)	1/50	-	-	1/50

Number of performed running repairs of primary equipment in 2021

Number of Repairs	Nevsky Branch	Karelsky Branch	Kolsky Branch	TGC-1
Running repairs (pcs/days)	390/2,561	225/1,564	264/924	879/5,049
including minor inspections of CCGT	8/91	-	-	8/91

KEY OBJECTIVES OF REPAIR CAMPAIGN IN 2022:

→ **IMPLEMENTING** the repairs program for the designated fixed assets in due time;

→ **PERFORMING** activities for preparing power facilities of TGC-1 for operation during the autumn and winter season 2022/2023;

→ **RESTORING** technical and economic capacity of equipment;

→ **IMPROVING** the quality of repair works and wider use of new materials and technologies.

→ **INCREASING** reliability of equipment at power plants;

In accordance with the annual repair schedule for the primary equipment, 35 major repairs (overhauls) and 9 medium repairs of process units shall be performed in 2022, in particular:

Repair Program for primary equipment in 2022

Process unit	Major repairs	Medium repairs
Turbine units (pcs/MW)	8/805	4/265
Hydroelectric units (pcs/MW)	19/503.9	-
Boiler units (pcs/MW)	7/1,896	1/420
Turbine generators (pcs/MW)	1/63	4/350

Including CCGT:

Inspection	Nevsky Branch	Karelsky Branch	Kolsky Branch	TGC-1
Master inspection (pcs/MW)	2/308	-	-	2/308
Hot gas path inspections (pcs/MW)	3/180	-	-	3/180
Minor inspections (pcs/MW)	2/312	-	-	2/312



SALES OVERVIEW



WHERE THE ENERGY IS BORN

ANNUAL REPORT 2021

ELECTRICITY AND CAPACITY SALES



The goal of the Company's sales function is to ensure maximum marginal income from operation of the power plants in the electricity and capacity markets, and when selling heat energy.

THE MAIN PRINCIPLES OF THE COMPANY'S SALES POLICY:



MONITORING TECHNICAL AND CONCEPTUAL CHANGES

in the wholesale market, proactive influence of the Company on the implemented changes, supervision over observation of the Wholesale Market Regulations by all business units



ELABORATION OF PROPOSALS

for increasing marginal income from selling electricity, heat and capacity based on analysis of sales results



RECOVERY

of electricity, capacity, and heat production costs in all market sectors



DEVELOPMENT

of electricity export sales

ANALYSIS OF THE COMPANY'S OPERATION IN THE WHOLESALE ELECTRICITY AND CAPACITY MARKET

Hydroelectric generation by the Company continues being in demand; with the equipment at CHPPs being loaded in accordance with the price parameters submitted in price quotes the day ahead of the wholesale market.

Key events in the wholesale electricity and capacity market (WECM) in 2021:

- participation in the Capacity Price Auction (CPA) for 2026 – successful participation of power plants which specifications meet the market requirements in CPA for 2021;
- participation in competitive selection of projects for modernization of generating equipment at combined heat and power plants (CCTMod) for 2027-2029. – Projects for modernization of TG-4 at Vasileostrovskaya CHPP and BL-2 at Severnaya CHPP were selected; their commissioning is scheduled for 2027;
- In December 2021, an upgraded generating facility was commissioned under TGC-1 program (CCTMod) – steam turbine unit No. 7 at Avtovskaya CHPP with electric capacity of 116.4 MW; this project was selected under CCTMod program in 2019;
- From the beginning of 2021, TGC-1 has been supplying green energy under non-regulated bilateral electricity sales contracts in the WECM. In March 2021, TGC-1 was registered with I-REC Standard Foundation, an international non-profit organization that has developed and implemented an international system for tracing “green” energy attributes. Since April 2021, TGC-1 has engaged in selling I-REC Energy Origin Certificates.

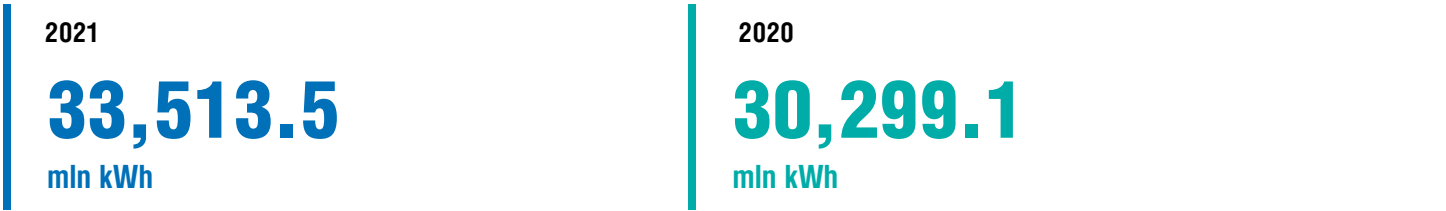


In 2021, TGC-1 sold 33,513.46 mln kWh of electricity. JSC “Murmanskaya CHPP” is not a participant in the wholesale electricity and capacity market, all the power generated in 2021 was used for in-house needs.

The largest amount of the Company’s electricity is selling in the day-ahead market (DAM). In 2021, DAM accounted

for 73.9% of total sales and 56.3% of total revenue from electricity sales. Regulated contracts accounted for 17.8% of sales and 10.1% of electricity revenues. In 2021, revenues were also generated from export sales of electric power – sales volume and contribution to electric power revenues were 3.2% and 11.0%, respectively.

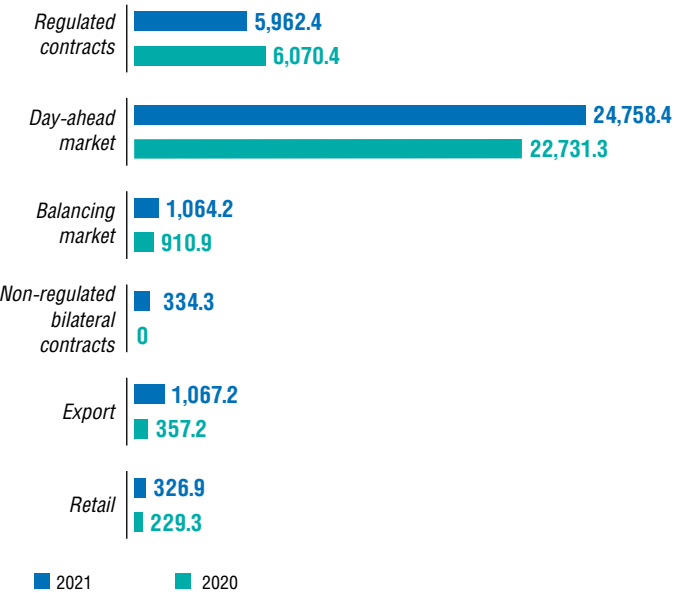
Electricity sales



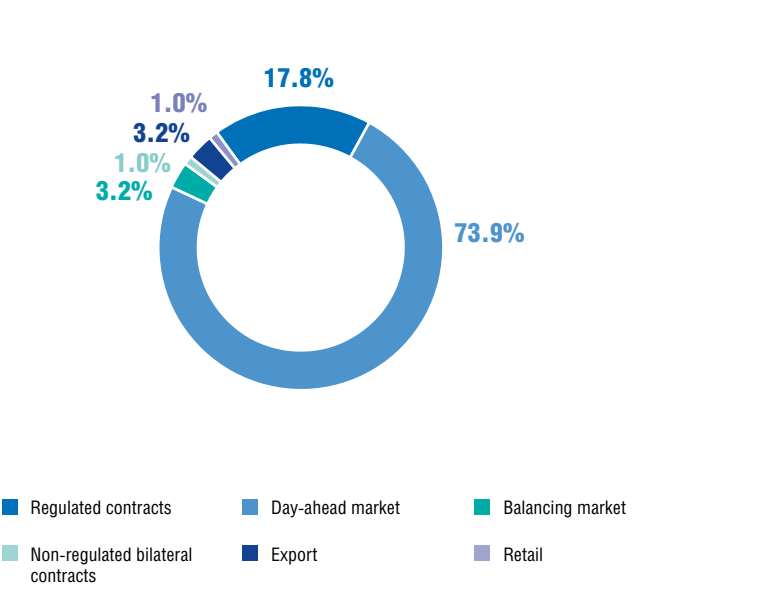
Electricity sales by branches in 2021, mln kWh

Indicator	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	5,962.4	3,791.3	724.5	1,446.6
Day-ahead market	24,758.4	15,669.5	3,131.4	5,957.5
Balancing market	1,064.2	499.0	81.7	483.5
Non-regulated bilateral contracts	334.3	33.8	0.0	300.6
Export sales	1,067.2	514.5	0.0	552.6
Retail sales	326.9	44.7	143.2	139.0
TOTAL	33,513.5	20,552.8	4,080.8	8,879.9

Electricity sales by market sectors, mln kWh



Electricity sales structure across market sectors in 2021



The Company’s capacity sales amounted to 5,500.0 MW/month, which is 2.4% higher than in 2020.

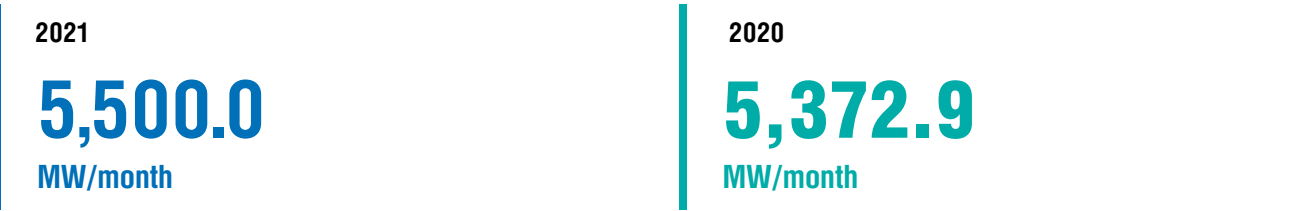
In 2021, the structure of capacity sales was as follows:

- 27.1% sales of capacity selected on the basis of CPA results;
- 30.2% capacity sales under regulated contracts;
- 10.7% of capacity was sold under CSA;

- capacity supplied to the retail market comprised 0.3%;
- share of non-regulated contracts for capacity sales – 31.7%.

Herewith, the largest portion of revenues from capacity sales was gained under non-regulated capacity sales contracts, 21.3%; the CPA sales contribution to the structure of revenues was 18.1%; sales under regulated contracts accounted for 17.8%, and sales under CSA for 42.7% of total revenues.

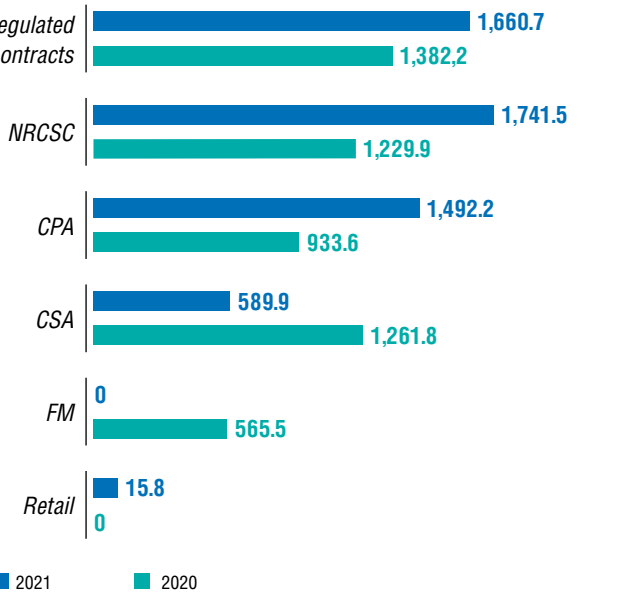
Capacity sales



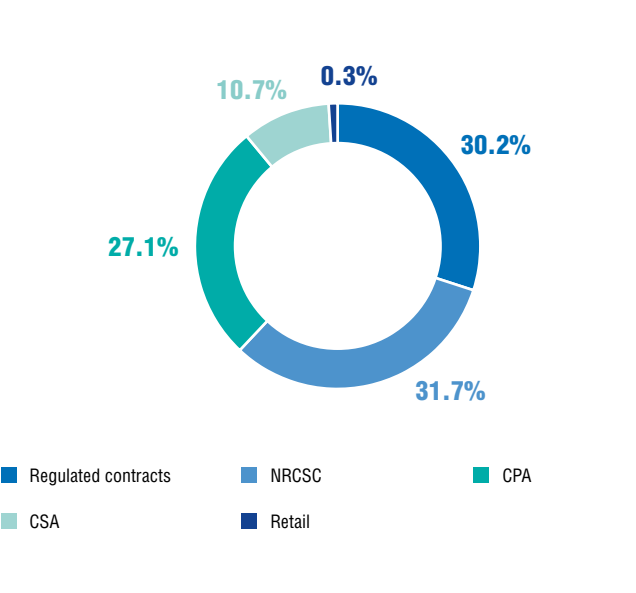
Capacity sales by branches in 2021, MW/month

	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	1,660.7	976.7	170.8	513.2
Non-regulated capacity sales contracts (NRCSC)	1,741.5	1,380.1	88.9	272.5
Capacity Price Auction (CPA)	1,492.2	507.9	258.3	726.0
CSA	589.9	589.9	0.0	0.0
FM	-	-	-	-
Retail	15.8	0.0	0.0	15.8
TOTAL	5,500.0	3,454.6	518.0	1,527.4

Capacity sales across market sectors in 2020-2021, MW (monthly average)



Capacity sales structure across market sectors in 2021



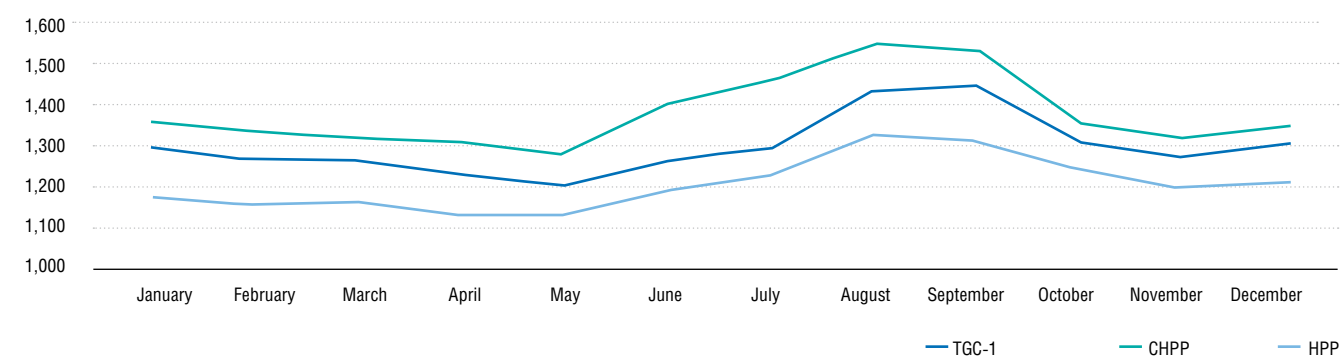
TARIFF REGULATION

Electricity and capacity tariffs for TGC-1 as a participant of the wholesale market are subject to approval by Federal Antimonopoly Service (FAS) of the Russian Federation. Pursuant to Clause 62 of the Wholesale Electricity and Capacity Market Regulations approved by Decree of the Russian Government No. 1172 as of December 27, 2010, electricity and capacity supplies at regulated prices (tariffs) may only be carried out to provide electricity and capacity to the population and equivalent categories of consumers. Pursuant to clause 65 of the Wholesale Electricity and Capacity Market Regulations, the total volume of electricity and the total volume of capacity to be supplied under regulated contracts in one calendar year may not exceed 35% of electricity and capacity generation as determined in the forecast balance for regulatory period for a certain provider.

In 2021, payments for electricity and capacity under regulated contracts were made as per electricity and capacity tariffs established by the Russian FAS specifically for each power plant of the Company. Settlements for electricity supplied to the day-ahead market and the balancing market were made at prices established on the basis of competitive bids made by bidders.

Settlements for capacity supplied under CPA were based on the prices formed as a result of the price auction for 2021. Settlements under capacity supply agreements (CSA) were based on the prices calculated by NP Market Council.

Electricity sale price dynamics on DAM in 2021, RUB/MWh



Dynamics of revenues from electricity sales in 2020-2021 by market sectors and branches, RUB mln

2020

	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	2,930.6	2,608.0	217.7	104.9
Day-ahead market	23,946.9	15,865.6	3,132.1	4,949.2
Balancing market	797.0	561.2	84.1	151.7
Export	727.5	327.5	0.0	400.0
Retail	266.7	0.0	159.9	106.8
TOTAL	28,668.7	19,362.3	3,593.8	5,712.6

2021

	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	2,952.0	2,640.2	211.5	100.3
Day-ahead market	31,241.1	21,056.5	3,876.8	6,307.8
Balancing market	1,050.6	642.4	96.0	312.1
Non-regulated bilateral contracts	390.4	48.0	0.0	342.4
Export	4,436.2	2,231.4	0.0	2,204.8
Retail	411.9	111.8	154.0	146.1
TOTAL	40,482.2	26,730.4	4,338.3	9,413.6

Dynamics of revenue from capacity sales in 2020-2021 by market sectors and branches of the Company, RUB mln

2020

	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	2,049.4	1,093.0	344.4	611.9
Non-regulated capacity sales contracts (NRCSC)	1,875.3	902.4	94.4	878.4
Capacity Price Auction (CPA)	1,404.5	629.8	225.6	549.0
CSA	13,503.1	13,503.1	0.0	0.0
FM	718.9	416.0	196.0	106.9
TOTAL	19,551.0	16,544.3	860.4	2,146.3

2021

	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Regulated contracts	2,647.2	1,586.62	399.03	661.60
Non-regulated capacity sales contracts (NRCSC)	3,157.2	2,519.56	155.39	482.25
Capacity Price Auction (CPA)	2,692.4	896.37	469.75	1,326.28
CSA	6,344.3	6,344.34	0.0	0.0
Retail	158.3	0.0	0.0	158.33
TOTAL	14,999.5	11,346.9	1,024.2	2,628.5

ELECTRICITY AND CAPACITY PURCHASE

The main reasons for electricity purchasing in 2021 were:

- purchase for export sales;
- purchase for operational needs.

The main reasons for capacity purchase in 2021 were:

- purchase for operational needs when maximum consumption exceeded the standard consumption rate (including, for export sales);
- purchase to secure obligations under regulated contracts.

Electricity purchase in 2020-2021

	2020		2021	
	mln kWh	RUB mln	mln kWh	RUB mln
Nevsky Branch	3,032.0	3,429.1	3,217.7	4,192.6
Karelsky Branch	273.7	267.2	337.9	418.1
Kolsky Branch	985.7	682.4	1,824.1	1,761.9
TOTAL	4,291.4	4,378.7	5,379.8	6,372.6

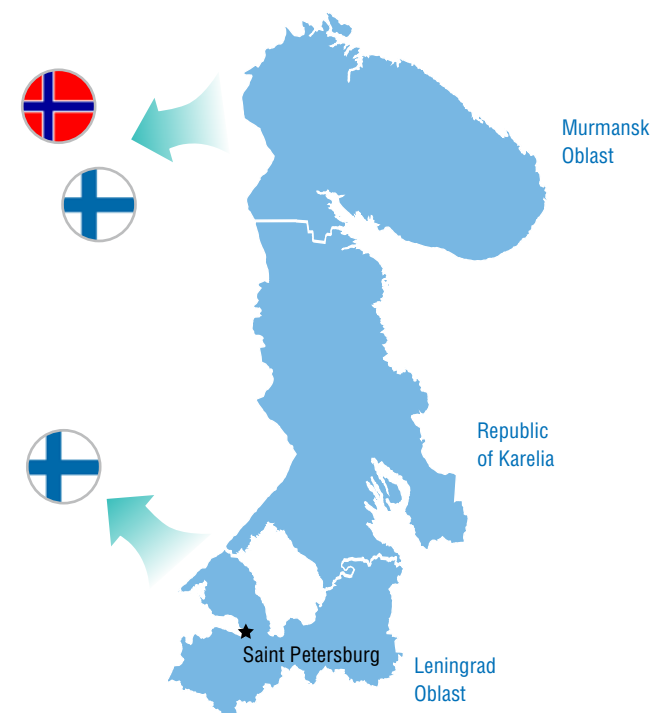
Capacity purchase in 2020-2021

	2020		2021	
	mln kWh	RUB mln	mln kWh	RUB mln
Nevsky Branch	58.9	255.8	107.6	674.0
Karelsky Branch	1.5	8.8	2.7	19.0
Kolsky Branch	37.7	249.2	93.7	649.2
TOTAL	98.1	513.8	203.9	1,342.1

ELECTRICITY EXPORTS

Owing to the unique geographical location of some of its power plants, TGC-1 has the possibilities to export some of the generated electricity. Export sales are made to Finland and Norway.

Geography of TGC-1 electricity exports



Electricity is supplied to Finland:

- from Svetogorskaya HPP of the Vuoksa Cascade in the Leningrad Oblast via Imatra-1 line with voltage of 110 kV. The maximum supply capacity is 110 MW;
- from Kaytakoski HPP of the Paz Cascade in the Murmansk Oblast via L-82 line with voltage of 110 kV. The maximum supply capacity amounts to 70-75 MW in the flooding season.

Electricity is supplied to Norway:

- from Borisoglebskaya HPP of the Paz Cascade in the Murmansk Oblast via L-225 line with voltage of 154 kV. The maximum supply capacity can reach 56 MW, but in a standard operating mode, the capacity amounts to 28 MW.

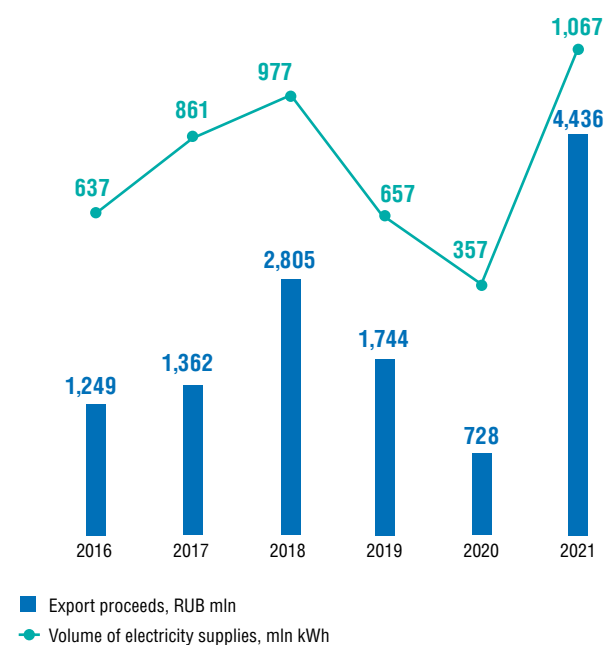
In 2021, TGC-1 actual exports amounted to 1,067.1 mln kWh, an increase of 298.8% over 2020. The current favorable pricing environment was the main growth driver of the Company's exports.

Export contracts

Contract	Counterparty	Country	Effective date
Valid	Fortum Power and Heat	Finland	27.12.2016
Valid	RAO Nordic Oy *	Norway	31.10.2012
Valid	RAO Nordic Oy *	Finland	31.10.2012

* Contracts with RAO Nordic Oy were concluded through an agent company – Inter RAO PJSC – acting on its own behalf, but at the expense of TGC-1 (the Principal).

Dynamics of export volumes in 2016-2021



In 2021, the factor determining the dynamics of electricity export volumes was the level of prices in the Scandinavian electricity market NordPool.

The prospects for export growth depend on the level of prices in the Scandinavian electricity market NordPool and, accordingly, the extent of foreign buyers' interest in Russian electricity.

The efficiency of export supplies, among other things, hinges on the factors affecting the potential of export trade. At the moment, such factors include:

- the limited throughput capacity of the grids;
- the loading modes of plants, determined by the Russian Power System Operator;
- growing price of services of grid companies;
- purchase of capacity at WECM to sustain export in all sectors of the capacity market;
- gaps in legal regulation of export activities within WECM.



HEAT ENERGY SALES

USEFUL OUTPUT OF HEAT ENERGY

TGC-1 is the only heat provider in Saint Petersburg, some municipalities of the Leningrad Oblast, Murmansk Oblast and the Republic of Karelia (Petrozavodsk, populated localities in the Prionezhsky and Pryazhinsky Districts).

24,006

thousand Gcal

The useful heat output of TGC-1 in 12 months of 2021

The useful heat output of TGC-1 in 12 months of 2021 amounted to 24,006 thousand Gcal, which is 12.1% higher than in 2020. The difference between the actual and target output was due to lower outside temperatures (in the first half of 2021 approximately 0.6°C below planned, in the second half of the year by 0.7°C below planned) in the municipalities of TGC-1 presence and the earlier start of the heating season at Nevsky Branch.

Useful heat output by TGC-1 branches broken down by output to consumers and heat transmission losses in 2020-2021, thousand Gcal

Indicator		2020	2021
Nevsky Branch	Useful output of heat energy	18,175	20,571
	to consumers	16,374	18,632
	heat output to cover the losses of JSC “St. Petersburg Heating Grid”	1,801	1,939
Kolsky Branch	Useful output of heat energy	1,299	1,354
	to consumers	1,117	1,158
	heat output to cover the losses of Apatityenergo JSC	115	126
Karelsky Branch	heat output to cover the losses of JSC “HHC”	67	70
	Useful output of heat energy	1,949	2,080
	to consumers	1,751	1,873
TGC-1	heat output to cover the losses of PKS – Heating Grids JSC	198	208
	Useful output of heat energy	21,424	24,006
	to consumers	19,242	21,663
JSC “Murmanskaya CHPP”	heat output to cover the losses	2,182	2,343
	Useful output of heat energy	1,962	2,001
	to consumers	1,850	1,883
GC TGC-1	heat output to cover the losses	112	117
	Useful output of heat energy	23,386	26,006
	to consumers	21,092	23,546
heat output to cover the losses		2,294	2,460

Structure of useful heat output by consumer categories in 2020-2021, thousand Gcal

	2020	2021
TGC-1	21,424	24,006
Consumers dependent on state budget	1,860	2,189
Industrial and equivalent customers	747	817
Wholesale purchasers/resellers	4,139	4,680
Housing and utility facilities	10,894	12,003
Other	3,786	4,317

CURRENT HEAT ENERGY DISTRIBUTION SCHEME

NEVSKY BRANCH

Heat Sales Department of TGC-1 Nevsky Branch is overseeing sales of heat generated by CHPPs of TGC-1 in Saint Petersburg city and the Leningrad Oblast.

In addition, JSC “St. Petersburg Heating Grid” provides to TGC-1 heat transmission services from CHPPs of TGC-1 to the end consumers and purchases heat from TGC-1 to cover for losses in heating grids.

KARELSKY BRANCH

Karelsky Branch sells heat generated by Petrozavodskaya CHPP.

In order to meet its obligations toward consumers, TGC-1 and Petrozavodsk Utility Systems JSC, as a tenant of the city’s heating grids, have signed a contract for heat energy transmission and a contract for purchase of heat losses.

Karelsky Branch purchases some heat from PKS – Heating Grids JSC, BIOTOP LLC, KARTEK LLC, SLAVMO JSC, and RK KarelKommunEnergо SUE, to fulfill its obligations toward consumers.

KOLSKY BRANCH

Heat generated at Apatitskaya CHPP in Kolsky Branch of TGC-1 is sold to consumers under heat supply contracts through heating grids of Apatityenergo JSC and JSC “HHC”.

In order to ensure fulfillment of heat supply contracts, TGC-1 has heat energy transmission contracts with Apatityenergo JSC and JSC “HHC”, under which TGC-1 pays for transmission of heat energy, and Apatityenergo JSC and JSC “HHC” purchase heat energy to cover for losses in heating grids.

JSC “MURMANSKAYA CHPP”

In the Murmansk Oblast, heat is supplied by JSC “Murmanskaya CHPP”, a subsidiary of TGC-1, which is a strategic provider of heat energy in Murmansk; its share in heat sales is about 72%. Heat energy is sold to consumers under the concluded heat supply contracts through the main heating grids of JSC “Murmanskaya CHPP” and the quarterly heating grids of Murmanenergосbyт JSC.

HEAT ENERGY TARIFFS

Heat tariffs get approved by the regional regulatory authorities of Saint Petersburg, Leningrad Oblast, the Republic of Karelia and Murmansk Oblast for each consumer group.

Average annual heat tariffs established for 2017-2021, RUB/Gcal

	2017	2018	2019	2020	2021
Nevsky Branch	1,370.74	1,408.93	1,654.26	1,678.75	1,754.15
Saint Petersburg	1,373.38	1,415.21	1,665.84	1,691.23	1,770.00
Leningrad Oblast	1,244.63	1,272.40	1,292.02	1,308.84	1,321.75
Karelsky Branch	1,732.06	1,777.03	1,757.33	1,775.63	1,846.16
Kolsky Branch	1,129.98	1,155.86	1,195.00	1,210.00	1,290.45
TGC-1	1,384.94	1,423.84	1,634.54	1,658.24	1,732.75
JSC "Murmanskaya CHPP"*	2,717.96	2,807.51	2,924.12	2,816.32	2,869.89

* Taking into account heat transfer through the grids of Murmanenergosbyt JSC.



HEAT ENERGY SALES PROCEEDS

Proceeds from heat sales by TGC-1 for 12 months of 2021 amounted to RUB 41,495 mln, which is 17.4% higher than in 2020 (+ RUB 6,152 mln).

The level of cash collection for heat energy was 99.8%, which exceeded the plan by 1.8 p.p.

Proceeds from sales of heat energy and heat capacity reservation services, RUB thousand, ex-VAT

	2020	2021	Δ, %
Nevsky Branch (including heat capacity reservation services and subsidies for compensation of lost profits)*	29,093,021	34,941,619	20.10%
Kolsky Branch (including subsidies for compensation of lost profits)	2,908,582	2,854,614	-1.86%
Karelsky Branch	3,340,665	3,698,412	10.71%
TGC-1	35,342,267	41,494,646	17.41%
JSC "Murmanskaya CHPP" (including subsidies for compensation of lost profits)	5,645,004	5,997,476	6.24%
TGC-1 including JSC "Murmanskaya CHPP"	40,987,271	47,492,122	15.87%

* Contracts for heat capacity reservation services at Nevsky Branch of TGC-1 were signed with the consumers who are not consuming heat but decided not to disconnect their heat consumption facilities from the heating grid to be able to resume heat consumption whenever needed. Revenues for capacity reservation services at Nevsky Branch in 2020 comprised RUB 25,578 thousand, excluding VAT, for 2021 – RUB 9,819 thousand, excluding VAT.

FUEL SUPPLY AND PROCUREMENT

WHERE THE ENERGY IS BORN

ANNUAL REPORT 2021

FUEL SUPPLY

MAIN TYPES OF FUEL USED BY THE POWER PLANTS OF TGC-1 ARE:

-  Natural gas at CHPPs of Nevsky Branch;
-  Natural gas at Petrozavodskaya CHPP of Karelsky Branch;
-  Grade D power plant coal at Apatitskaya CHPP of Kolsky Branch.

EMERGENCY TYPES OF FUEL ARE:

-  Diesel fuel at Pervomayskaya CHPP of Nevsky Branch;

Main fuel used by JSC “Murmanskaya CHPP” is Grade M-100 furnace fuel oil.

In order to sustain uninterrupted fuel supply to power plants of TGC-1, the continuous supplies of gas, fuel oil and coal were organized in 2021. Objectives for keeping required fuel reserves by certain dates were met. Payments for fuel supplies were made on time and in full compliance with the contractual provisions.

In 2021, power plants and leased boiler units of TGC-1, including JSC “Murmanskaya CHPP”, consumed 5,980.5 mln m³ of gas, 274.7 thousand tons of fuel oil, 484.1 thousand tons of coal, and 19.2 thousand solid m³ of firewood to produce electricity and heat. The share of gas in the fuel balance was 90.58%, fuel oil – 4.90%, coal – 4.45%, and fuel wood – 0.07%

Fuel balance structure in 2021, %

	Gas	Fuel Oil	Coal	Firewood
Nevsky Branch	99.95	0.05	-	-
Karelsky Branch	97.81	0.17	1.14	0.88
Kolsky Branch	-	0.20	99.80	-
TOTAL FOR TGC-1	95.18	0.07	4.68	0.07
JSC “Murmanskaya CHPP”	-	100	-	-
TGC-1 INCLUDING MURMANSKAYA CHPP	90.58	4.90	4.45	0.07

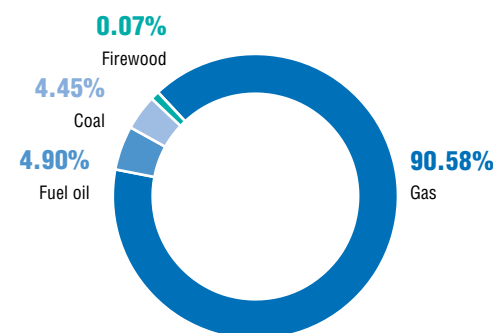
RESERVE TYPES OF FUEL ARE:

-  Grade M-100 furnace fuel oil at CHPPs of Nevsky Branch;
-  Grade M-100 furnace fuel oil at Petrozavodskaya CHPP of Karelsky Branch.

AUXILIARY (START-UP) TYPES OF FUEL ARE:

-  Grade M-100 furnace fuel oil at Apatitskaya CHPP of Kolsky Branch.

Fuel balance structure (including JSC “Murmanskaya CHPP”)



The major suppliers of fuel to the power plants of TGC-1 in 2021 were as follows:

- gas – Gazprom Mezhregiongaz Saint Petersburg LLC, Gazprom Mezhregiongaz LLC;
- fuel oil – JSC GC EKS; Aftiag-Oil LLC;
- coal – Russian Coal JSC.

The major supplier of fuel oil to JSC “Murmanskaya CHPP” was Rosneft Oil Company PJSC.

In 2021, TGC-1 purchased the below quantities through tender procedures for the needs of CHPPs and leased boiler units:

- 462.2 thousand tons of coal from Russian Coal JSC, 13.9 thousand tons from Razrez Zadubrovsky Novy LLC and 4.7 thousand tons from Razrez Evtinsky Novy LLC;
- 1.6 thousand tons of fuel oil from GC EKS JSC and 0.5 thousand tons from Aftiag-Oil LLC;
- 19.7 solid m³ of firewood from Stroyenergomontazh LLC.

In 2021, 205 mln m³ of gas were purchased at the organized auctions of the Saint Petersburg International Mercantile Exchange JSC, of which 180.0 mln m³ were purchased from Gazprom Mezhregiongaz LLC, 25 mln m³ from Rosneft Oil Company PJSC. The economic effect totaled RUB 10.6 mln.

Fuel stock, supply and consumption in 2021

Type of fuel	Opening stock	Supply in 2021	Consumption in 2021	Closing stock
NEVSKY BRANCH				
Fuel oil (thousand tons)	164.83	1.80	10.64*	155.99
Diesel fuel (thousand tons)	5.10	0.00	0.02	5.08
Gas (mln m ³)	-	5,487.03	5,487.03	-
KARELSKY BRANCH PETROZAVODSKAYA CHPP				
Fuel oil (thousand tons)	19.00	0.00	1.79**	17.21
Gas (mln m ³)	-	496.09	496.09	-
KARELSKY BRANCH LEASED BOILER UNITS				
Coal (thousand tons)	2.66	8.16	8.70	2.12
Firewood (solid m ³)	3.09	19.75	19.19	3.64
KOLSKY BRANCH				
Coal (thousand tons)	78.56	472.58	479.50	71.64
Fuel oil (thousand tons)	1.69	0.42	0.51	1.61
JSC “MURMANSKAYA CHPP”				
Fuel oil (thousand tons)	38.43	259.09	271.97***	25.55

* Fuel oil consumption includes the burning of fuel oil at CHPP in the amount of 2.3 thousand tons, the sale of fuel oil to a third-party organization in the amount of 8.35 thousand tons.

** Fuel oil consumption includes the sale of fuel oil to a third-party organization in the amount of 1.0 thousand tons.

*** Fuel oil consumption at JSC “Murmanskaya CHPP” includes the sale of fuel oil to a third-party organization in the amount of 0.5 thousand tons.

Actual fuel quantities purchased in 2021

Type of fuel	Quantity, thousand m³/ tons	Purchase value, RUB thousand (VAT inclusive)	Purchase price (average), RUB/1,000 m³, RUB/ton (VAT inclusive)
NEVSKY BRANCH			
Gas	5,487,027.66	36,626,552.7	6,675.12
Fuel oil	1,798.445	65,218.2	36,263.67
Diesel fuel	0.0	0.0	0.00
KARELSKY BRANCH			
Gas	496,086.364	3,175,989.4	6,402.09
Coal	8,162.6	40,711.4	4,987.55
Firewood	19,745.0	66,662.9	3,376.19
KOLSKY BRANCH			
Krasnoyarsk coal	51,500.4	220,083.3	4,273.43
Khakas coal	304,073.0	1,143,407.0	3,760.30
Kuznetsk coal	117,004.7	477,859.3	4,084.10
TOTAL COAL	472,578.1	1,841,349.6	3,896.39
Fuel oil	323.704	13,314.5	41,131.72
JSC “MURMANSKAYA CHPP”			
Fuel oil	259,087.756	6,886,690.4	26,580.53
TOTAL	-	48,716,489.1	-

Costs for purchase and consumption of energy resources by types in 2020-2021 (RUB thousand, ex-VAT)

Type of fuel	2021			2020		
	Purchased	Used		Purchased	Used	
		For production purposes	For other purposes		For production purposes	For other purposes
Gas	33,168,785.07	33,154,501.66	14,283.41	27,538,827.66	27,511,749.70	27,077.95
Fuel Oil	65,443.97	38,505.17	84,964.09	8,669.55	19,406.47	8,072.91
Coal	1,568,384.15	1,573,358.81	12,230.80	1,505,264.39	1,715,642.57	1,176.16
Firewood	55,552.44	52,922.01	0.00	34,548.29	34,646.90	0.00
Diesel fuel	0.00	679.45	0.00	0.00	563.79	0.00
TOTAL FUEL	34,858,165.63	34,819,967.09	111,478.30	29,087,309.89	29,282,009.43	36,327.02

Information about the consumption of energy resources of each type by TGC-1 in 2021 in physical and monetary terms*

Type of energy resource	Consumed volume in physical terms	Unit of measure	Consumed volume, RUB thousand, ex-VAT
Car petrol	611.5	thousand liters	24,004.77
Diesel fuel	647.8	thousand liters	28,341.87
Furnace fuel oil, diesel fuel (process fuel)	3,515.1	tons	39,184.62
Natural gas	5,983,114.0	thousand m³	33,168,785.07
Coal	484,464.7	tons	1,573,358.81
Firewood	19,190.3	solid m³	52,922.01

* Other types of energy resources in addition to those indicated in the Table were not consumed or used in the reporting year.

PROCUREMENT ACTIVITIES



IN 2021, PROCUREMENT ACTIVITIES AT TGC-1 WERE REGULATED BY THE FOLLOWING DOCUMENTS:

- Federal Law No. 223-FZ of July 18, 2011 “On Procurement of Goods, Works, and Services by Certain Types of Legal Entities”;
- Federal Law No. 135-FZ of July 26, 2006 “On Protection of Competition”;
- RF Government Decree No. 616 of June 21, 2012 “On Approval of the Range of Goods, Works and Services for Procurement in Electronic Format”;
- RF Government Decree No. 908 of September 10, 2012 “On Approval of the Regulations for Placing Procurement Information in the Unified Information System”;
- RF Government Decree No. 1352 of December 11, 2014 “On Special Conditions of Participation of Small and Medium-Sized Businesses in Procurement of Goods, Works and Services by Certain Types of Legal Entities”;
- RF Government Decree No. 2013 of December 03, 2020 “On the Minimum Procurement of Goods of Russian Origin”;
- RF Government Decree No. 1169 of December 29, 2015 “On the Procedure for Monitoring Compliance of Procurement Plans for Goods, Works, Services, Procurement Plans for Innovative Products, High Technology Products, Pharmaceutical Products, Changes Introduced into Such Plans; Evaluation of Compliance of the Drafts of Such Plans, Drafts of Changes to be Introduced into Such Plans with the Requirements of the Russian Federation Legislation Relating to Participation of Small and Medium-Sized Businesses in Procurement, Procedures and Terms of Suspension of the Indicated Plans Upon Results of Such Monitoring and Evaluation”;
- RF Government Decree No. 925 of September 16, 2016 “On Priority of Goods of Russian Origin, Works and Services Performed and Provided by Russian Entities over Goods of Foreign Origin, Works, and Services Performed and Provided by Foreign Entities”;
- Code of Administrative Offences of the Russian Federation No. 195-FZ of December 30, 2001;
- Town-Planning Code of the Russian Federation No. 190-FZ of December 29, 2004;
- Regulations on Procurement of Goods, Work, and Services at TGC-1, approved by resolution of the Board of Directors (11.03.2020, 04.03.2021, 30.06.2021, 04.10.2021);
- Regulations for developing criteria and methods of evaluating applications for participation in competitive procurement of power generating companies of Gazprom Energoholding LLC, as well as Gazprom Energoremont JSC and its subsidiaries (affiliates), approved by Order of the Managing Director of TGC-1 No. 235 of November 19, 2019;
- Regulations for determining the initial (maximum) price of a contract (procurement item), approved by Order of the General Director No. 125 of June 26, 2019; and by Order of the Managing Director No. 203 of November 19, 2021;
- Regulations “On the Procedure of Drafting and Concluding Contracts on Behalf of TGC-1 and Exercising Control over Their Execution” approved by Orders of the Managing Director of TGC-1 No. 139 of August 17, 2020, and No. 212 of December 07, 2021;
- Regulations on the Procurement Committee of TGC-1, approved by resolution of the Company’s Board of Directors of March 31, 2021 (Minutes No. 10);
- Regulations on developing, agreeing, approving, adjusting, executing and controlling execution of the Annual Comprehensive Procurement Program of TGC-1, approved by the Procurement Committee on March 19, 2020;
- Annual Comprehensive Procurement Program (ACPP) for 2021 (first-priority procurement and stage 2), approved by resolutions of the Board of Directors of TGC-1 of September 29, 2020 (Minutes No. 4 of September 29, 2020) and of March 04, 2021 (Minutes No. 9 of March 04, 2021).

The main purpose of activities of TGC-1 in the field of procurement is to satisfy the Company's needs for goods, works and services in a timely and complete manner, to enhance the procedure and improve the efficiency of procurement activities.

THE KEY PRINCIPLES OF TGC-1 POLICY IN THE FIELD OF PROCUREMENT IN 2021:

- creating conditions for satisfying the Company's needs for goods, works, services in a timely and complete manner, and finding a supplier (a contractor, a provider) capable to meet the demands of the customer efficiently and in due time with price, quality and reliability as requested;
- ensuring safe operation of hazardous electric power facilities;
- information transparency of procurement;
- equality, justice, non-discrimination and no undue competition restrictions towards bidding participants;
- targeted and economically efficient expenditure of the Company's cash funds for procurement of goods, works and services (taking into account the life cycle costs of purchased products when necessary) and implementation of measures to reduce the customer's costs and minimize tax risks;
- no restrictions on eligibility for participation in the procurement by establishing unmeasurable requirements for procurement participants;
- creating conditions for competition between business entities in the procurement process in order to obtain the best conditions to meet the Company's needs in terms of price, quality and delivery times in the relevant commodities market;
- maintaining the balance of costs for organizing and conducting procurement procedures and expected economic benefits from their results.

Total volume of procurements planned in 2021 ACPP in various production and economic areas amounted to RUB 53,983,896.83 thousand, excluding VAT (including all adjustments).

Procurement volumes in main areas

Area	Number of purchases	Plan for 12 months of 2021, RUB thousand
Fuel, including:	5	13,256,819.13
Goods and materials	5	13,256,819.13
Works, services	0	0
Energy repairs stock, including:	424	14,299,730.87
Goods and materials	258	2,481,827.42
Works, services	166	11,817,903.45
Capital construction (new construction and expansion), including:	14	11,217,174.33
Goods and materials	4	3,299,899.61
Works, services	10	7,917,274.72
Retooling and modernization, including:	82	4,559,800.08
Goods and materials	5	116,976.34
Works, services	77	4,442,823.74
Other investments, including:	199	4,375,611.91
Goods and materials	102	114,693.77
Works, services	97	4,260,918.14
Operating costs, including:	966	2,903,877.29
Goods and materials	176	1,340,568.37
Works, services	790	1,563,308.92
Other expenses, including:	832	3,370,883.22
Goods and materials	64	157,866.38
Works, services	768	3,213,016.84
TOTAL	2,522	53,983,896.83

The actual fulfillment of the Company's ACPP in 12 months of 2021 comprised 99% versus the planned procurement volumes.

Out of 1,115 procurement procedures scheduled for 2021, 1,041 procedures, or 93%, were carried out on a competitive basis.

The initial cost of lots amounted to RUB 32,061,700.16 thousand. Competitive procurement procedures allowed for a reduction in prices for the purchase of commodities and materials, works and services for the Company.

Comparative figures for competitive procurement volumes in 2020-2021 excluding purchases of fuel

Year	Planned	Completed	% of planned procurement	Initial cost of lots, RUB thousand, ex-VAT	Economic effect of competitive procurement, RUB thousand, ex-VAT	% of initial cost
2020	1,039	1,034	99.5%	10,017,692.66	401,335.25	4.01%
2021	1,041	1,041	100%	32,061,700.16	537,424.26	1.68%

Due to Gazprom PJSC decision to apply the mechanism of banking support starting from January 01, 2020, 2021 ACPP included purchases meeting the criteria of contracts with banking support applying to 92 lots for the total amount of RUB 10,593,549.53 thousand (excluding VAT), in particular:

- Works (services) – 20 lots for a total amount of RUB 3,870,340.81 thousand, excluding VAT;
- Materials and equipment – 72 lots for a total amount of RUB 6,723,208.72 thousand, excluding VAT.

Pursuant to the Russian Federation Government Decree No. 1352 of December 11, 2014 “On Special Conditions of Participation of Small and Medium-Sized Businesses in Procurement of Goods, Works and Services by Certain Types of Legal Entities”, the annual volume of procurement from small and medium entities (SMEs) for 2021 is planned to be at least 20% of the total annual value of contracts concluded on the basis of tender results. The aggregate annual value of contracts entered into with SMEs based on the results of tenders organized exclusively for SMEs shall be no less than 18% of the aggregate annual value of contracts entered into based on the results of procurement tenders.

537,424.26

RUB thousand

The economic effect of the procurement procedures on a competitive basis (excluding purchases of fuel) in 2021 amounted to

The share of TGC-1 purchases from SMEs in 2021 amounted to 57.2% of the total value of contracts in the reporting year. The annual volume of purchases based on tenders organized exclusively for SMEs amounted to 24.17% of the total value of contracts in the reporting year.

When conducting procurement in 2021, the Company complied with the legal requirements for procurement announcement, namely:

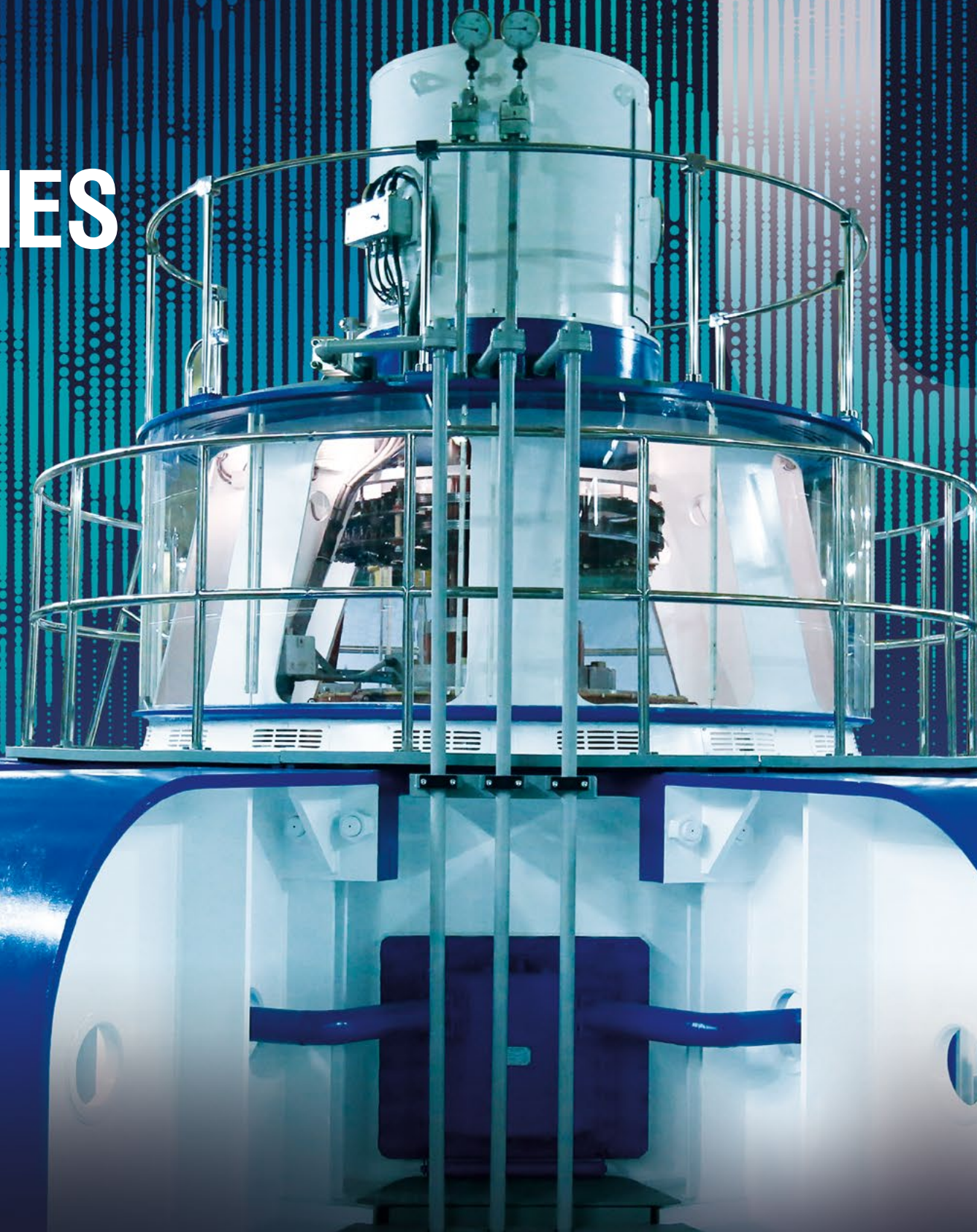
all information about planned purchases (Procurement Plan) was posted on the official website <http://zakupki.gov.ru> in the prescribed form;

all open procurement procedures on a competitive basis were conducted on the official website <http://zakupki.gov.ru>.

Pursuant to the Russian Federation Government Decree No. 616 of June 21, 2012 “On Approval of the Range of Goods, Works and Services for Procurement in Electronic Format”, and the Annual Complex Procurement Program, approved for 2021, 100% of the open procurement procedures were conducted in the electronic format on the electronic trading platform ETP GPB <https://etpgpb.ru/>.

Copies of all publications on procurement were posted on TGC-1 official website www.tgc1.ru, in the Procurement section.

INVESTMENT ACTIVITIES AND NEW TECHNOLOGIES OF TGC-1



WHERE THE ENERGY IS BORN

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PROSPECTIVE INVESTMENT PLANS

INVESTMENT PRIORITIES

THE MAIN AREAS FOR TGC-1 PROGRESSION IN TERMS OF ITS INVESTMENT ACTIVITIES ARE AS FOLLOWS:

- Implementation of the Company’s priority investment projects;

Modernization of outdated generating facilities using the best available technologies and introduction of innovations in production processes,

Maintaining the balance of connected load and installed capacity of CHPPs after decommissioning of equipment that has reached the end of its service life;

Expanding TGC-1 operational zones by connecting new residential areas and switching consumers from inefficient heat sources to its grids;

Introducing projects with minimal environmental impact and improving the overall efficiency and environmental safety of power facilities.

Implementing the Energy Saving and Energy Efficiency Program;

Building an IT infrastructure and introduction of new technologies;

Fulfillment of instruction received from supervisory authorities.

PROGRESS AND RESULTS OF KEY INVESTMENT PROJECTS IN 2021

TGC-1 Investment Program for 2021 was approved by the Company’s Board of Directors on 25.12.2020 (Minutes of the Board of Directors No. 7 of 28.12.2020, Agenda Item No. 2), amended on 04.08.2021 (Minutes of the Board of Directors No. 18 of 05.08.2021, Agenda Item No. 4) and on 31.12.2021 (Minutes of the Board of Directors No. 22 of 10.01.2022, Agenda Item No. 3).

The financing for Investment Program in 2021 amounted to RUB 13,389 mln, VAT included.

IN 2021, THE FOLLOWING PRIORITY AND STRATEGIC PROJECTS WERE IN PROGRESS:

- Construction of a small hydroelectric power plant on the Paz River;

Reconstruction of PP-2 at Centralnaya CHPP;

Reconstruction of Avtovskaya CHPP-15;

Modernization of Verkhne-Tulomskaya HPP (HPP-12);

Retooling of Northern CHPP-21.

Construction of a small hydroelectric power plant on the Paz River

The project for SHPP construction on the Paz River was selected through a competition of projects for construction of generating facilities based on renewable energy sources.

The implementation of this project will increase the installed capacity of the hydro-generating facilities of TGC-1 Kolsky Branch by 16.5 MW.

The capacity is planned to be delivered in December 2024.

In 2021, under the priority investment project, Construction of an SHPP on the Paz River, contracts were signed to perform design and survey works for construction of an SHPP on the Paz River, as well as contracts for delivery of the primary hydro-generating equipment.

Reconstruction of PP-2 at Centralnaya CHPP

The necessity to renovate PP-2 at Centralnaya CHPP has been caused because the main generating equipment of PP-2 at CHPP has reached its technical limits. The project envisages construction of the water heating boiler unit consisting of six water heating boilers with the capacity of 120 Gcal/h each. This solution will provide reliable and good coverage of existing and future heat loads of the residential, utility, and industrial sectors in the existing heat supply zones of PP-2 of Centralnaya CHPP, as well as higher efficiency of

heat generation through the use of modern equipment and integration of new technologies and schematic solutions.

In 2021, as part of TGC-1 priority investment project, Reconstruction of PP-2 at Centralnaya CHPP of Nevsky Branch, a turnkey contract was signed (design and survey works, equipment supply, construction and installation works, including pre-commissioning and commissioning works) for construction of a hot water boiler unit at PP-2 of Centralnaya CHPP.

Reconstruction of Avtovskaya CHPP-15

The purpose of this project is to organize reliable and robust coverage of existing and anticipated heat loads in the housing, utility and industrial sectors within the heat supply zones of Avtovskaya CHPP, to reduce charges for water use and mitigate negative impact on the water bodies, as well as to reduce restrictions on the plant’s installed capacity.

The Russian Federation Government Decree No. 1713-r of 02.08.2019 approved the list of generating facilities which will supply capacity under sale (supply) contracts for capacity of modernized generating facilities (the List of CCTMod projects). **The above List of CCTMod projects includes Avtovskaya CHPP (CHPP-15) of TGC-1, where the following works are to be carried out:**

- Replacement of a high-pressure cylinder of the heat extraction steam turbine (No. TG-6) with an increase of the installed capacity from 100 to 120 MW, and capacity supplies starting from 01.01.2024;
- Replacement of a high-pressure cylinder of the heat extraction steam turbine (No. TG-7) with an increase of the installed capacity from 97 to 116.4 MW, and capacity supplies starting from 01.01.2022;

Under the priority investment project, Reconstruction of Avtovskaya CHPP-15, works are planned to modernize the equipment of turbine units No. 7 and No. 6, to modernize auxiliary equipment and general plant systems, to renovate 35 kV and 110 kV outdoor switchgears, and to build a process water recirculation system.

In 2021, under the priority investment project, Reconstruction of Avtovskaya CHPP-15, the following progress was made:

- on 30.12.2021 turbine unit No. 7 was put into operation and certified to start power supplies from 01.01.2022;
- the package of works for installation of auxiliary equipment and systems of the turbine unit was completed, individual tests of the turbine unit equipment and auxiliary systems were completed, and the comprehensive testing of equipment was done including necessary capacity certification procedures for TU-7 to start supplies from 01.01.2022;
- a contract was signed for implementation of the scope of construction, installation and commissioning works, as well as supply of equipment for retooling turbine unit T-100/120-130 No. 6.

Modernization of Verkhne-Tulomskaya HPP (HPP-12)

Modernization of Verkhne-Tulomskaya HPP includes phased replacement of hydroelectric units. The estimated cost of Verkhne-Tulomskaya HPP modernization was determined by the Company's Board of Directors on 27.11.2018 (Minutes No. 5 of 27.11.2018, Agenda Item No. 3.2.) in the amount of RUB 6,842 mln, excluding VAT. Hydraulic unit No. 4 was commissioned in 2020. The commissioning of hydroelectric unit No. 3 is planned for 2022, No. 2 for 2023.

The modernization will result in increased capacity of each hydroelectric unit to 75 MW, increasing the plant's installed capacity to 300 MW.

In 2021, hydroelectric unit No. 1 was commissioned as part of the priority investment project, Modernization of Verkhne-Tulomskaya HPP.

Retooling of Northern CHPP-21

Pursuant to the Russian Government Decree No. 232-r dated February 07, 2020, power unit No. 4 at Northern (Severnaya) CHPP was included in the list of generating facilities, which capacity is to be supplied under capacity sales (supply) agreements for modernized generating facilities.

In 2021, as part of the strategic investment project, Retooling of Northern CHPP-21, the Russian Ministry of Industry and Trade provided its conclusion on compliance with requirements for localization of generating facility equipment as part of the first stage of localization validation; a contract was signed for supply of elements of a steam boiler.

In 2021, the Company continued implementing projects for retooling and reconstruction of power plants in order to ensure the desired level of reliability and to improve the operational efficiency of equipment.

In addition, as part of the Company's 2021 Investment Program, the work was done to incorporate the integrated complexes of engineering and technical security controls and information security control systems, as well as anti-terrorist security protections for facilities at power plants of TGC-1.

MAJOR CHANGES PLANNED TO THE COMPANY'S INVESTMENT PLANS

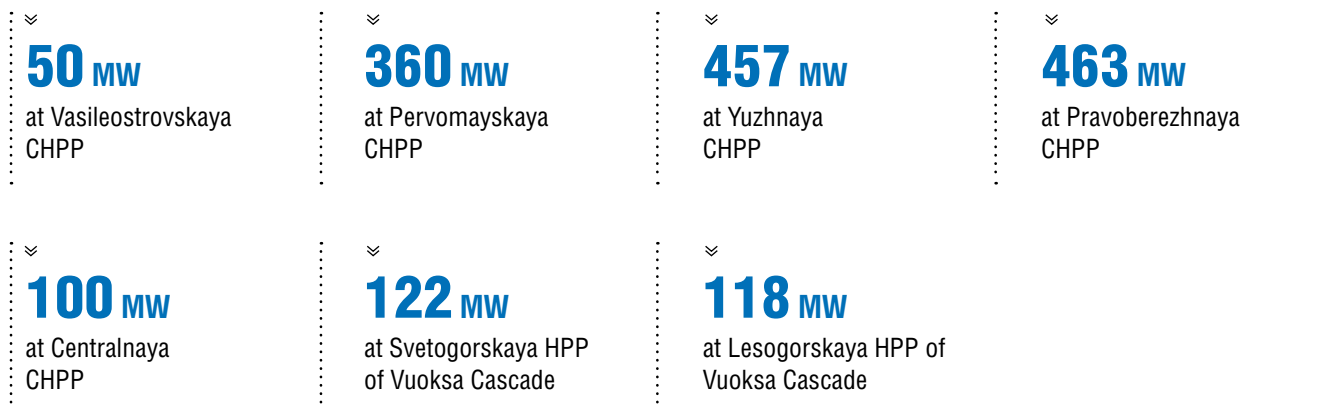
The development strategy of TGC-1 for 2018-2027 envisions two main development scenarios – conservative and optimistic. The conservative scenario provides for implementation of projects set forth in the Investment Program using own sources. The optimistic scenario envisages modernization at an advanced rate, reducing the share of worn-out equipment, and includes conservative scenario projects, additional CHPP modernization projects, and deep modernization of hydro-generating facilities.

The choice of the scenario to follow depends on the market guarantees for return on investment, while the flexibility of the capital investment plan for new projects is tied to the limits of

the Investment Program determined based on the Company's development scenario and the economic resilience of the Company.

TGC-1 has fulfilled its investment obligations by 100% in the part of implementation of projects set forth in CSAs, as approved by the Russian Federation Government Decree No. 1334-r of August 11, 2010 “On the List of Generating Facilities Which will be used to Supply Power under the Capacity Supply Agreements”. Modern, efficient power units with a total capacity of about 1.7 GW have been commissioned under the program, and 0.7 GW of inefficient generation facilities has been withdrawn.

AS PART OF CSAS, THE FOLLOWING TGC-1 FACILITIES WERE INTRODUCED INTO THE WHOLESALE ELECTRICITY AND CAPACITY MARKET:



The Company exercised its right to renounce the CSAs in order to supply capacities of Svetogorskaya HPP and Lesogorskaya HPP at the price determined based on the results of the Capacity Price Auction (CPA).

The existing CSAs were replaced with an updated mechanism for supporting generating facilities modernization projects on a competitive basis (CCTMod), as defined by Russian Government Decree No. 43 of January 25, 2019. The introduced pricing mechanism of tariff-based payment for CHPP capacity modernization has opened a new window of investment opportunities for heat generation companies, TGC-1 among them.

To date, four competitive selections of modernization projects have been made, the capacity supplies under the selected projects will start from 2022 to 2027. The final list of TGC-1 investment projects selected to the CCTMod program includes:

- modernization of two turbine units at Avtovskaya CHPP with a total installed capacity of 236.4 MW with start of supplies in 2022 and 2024 (approved by Russian Government Decree No. 1713-r of 02.08.2019);
- Modernization of the boiler equipment of power unit No. 4 at Northern CHPP with capacity of 100 MW to be commissioned in 2025 (approved by the Russian Government Order No. 232-r of 07.02.2020);
- Retooling of turbine unit No. 4 with capacity of 25 MW at Vasileostrovskaya CHPP with start of supplies in 2027 (approved by the Russian Government Decree No. 1793-p of 01.07.2021)
- Retooling of turbine unit No. 2 with capacity of 100 MW at Northern CHPP with start of supplies in 2027 (approved by the Russian Government Decree No. 1793-p of 01.07.2021).

In addition, in November 2020 the last round of investment projects competitive selection within the first support program for construction of generating facilities based on renewable energy sources (RES) until 2024 was held. The RES CSA program is a stable and predictable mechanism both in terms of profitability in the market and the political environment in general, and lately it has been receiving growing attention from the market participants. TGC-1 project of building a small hydro power plant (SHPP) in the Murmansk Oblast with capacity of 16.5 MW was selected according to the results of the projects competition. The SHPP would use the water resources of the Paz River in the most efficient way and supply about 66 mln kWh of electric power to the United Energy System of Russia annually.

The Government of the Russian Federation decided to extend the Renewable Energy Sources Support Program for 2025-2035 (RES Support Program). The Company is interested in developing its portfolio of RES projects and diversifying its core business and is considering the possibility of participating in future rounds of projects selection to build wind power plants (WPPs) and small hydro power plants (SHPPs) under RES Support Program.

At present, as part of TGC-1 Investment Program, the priority projects are being implemented for reconstruction of Centralnaya CHPP-2, modernization of Verkhne-Tulomskaya HPP (HPP-12) of the Tuloma Cascade at Kolsky Branch (involving gradual replacement of hydraulic units and increasing the unit installed capacity), reconstruction of Avtovskaya and Severnaya CHPPs under the CCTMod program, and construction of a small HPP in the Murmansk Oblast under the RES CSA program.

LONG-TERM INVESTMENT PROGRAM: GOALS, PRINCIPLES AND MAIN AREAS

The long-term investment program provides for modernization of existing and construction of new generating facilities subject to the presence of economic incentives, as well as decommissioning of facilities which operation is no longer reasonable in economic terms. Priority is given to the use of equipment produced in Russia; special focus is made on technological advancement and business diversification.

It is expected to boost the overall development through participation in the selection of projects for modernization of generating facilities at combined heat and power plants with guaranteed return on investment (CCTMod), the selection of projects for construction of facilities based on RES (RES CSA, RES Support Program), deep modernization of hydro generating facilities.

Key aspects of the long-term investment program are reflected in strategic planning documents, such as Saint Petersburg Heating Scheme until 2033 (approved by Order of the Ministry of Energy of the Russian Federation No. 639 of 26.07.2021),

Agenda and Program for Development of the UPS of Russia until 2027 (approved by Order of the Ministry of Energy of Russia No. 88 of 26.02.2021), agendas and programs for development of electric power in the regions of presence.

Starting from 2019, for setting tariffs for heat produced by TGC-1 in Saint Petersburg, the physical method of standard fuel consumption rate determination for heat and power generation (hereinafter referred to as the physical method) was used. Transition to the physical method helps ensure additional inflow of funds for activities under the Investment Program in the field of heat supply.

NEW SYSTEMS AND TECHNOLOGIES

IT INFRASTRUCTURE AND TECHNOLOGIES

Building Architecture of Industrial Video Surveillance Systems at the Facilities of Karelsky Branch

In order to ensure safety of the production process, based on the results of design and survey works, the architecture of industrial video surveillance systems was built (hereinafter referred to as IVS) in line with the functional requirements of TGC-1 and Gazprom Energoholding LLC to IVS systems.

Construction and Reconstruction of Fiber-Optic Communication Line of Kolsky Branch

In order to eliminate or minimize the impact of negative factors that lead to emergencies, the existing fiber-optic communication line is undergoing modernization.

Equipping Nevsky Branch with a Video Surveillance System

Within the frames of this project, 3D models were integrated and model interfacing with the Situation Center in Gazprom Energoholding LLC was performed, with video analytics and industrial video surveillance systems deployment at the facilities of Nevsky Branch of TGC-1.



FINANCIAL PERFORMANCE OVERVIEW

WHERE THE ENERGY IS BORN

ANNUAL REPORT 2021

MAIN FACTORS AFFECTING THE COMPANY’S PERFORMANCE

The Company’s performance is subject to certain factors: government influence on regulation of tariffs for heat and electric power, cost of the main fuel (gas), seasonality of electric and heat power generation and taxation system.

The following factors have a significant impact on the Company’s performance: changes in demand for products, excessive free electric capacity in the electricity and capacity market, and water levels in the regions.

Fuel costs

The main type of fuel used by the Company and accounting for 95.2% of its fuel costs is gas. The major supplier of gas for the needs of the Company is Gazprom Mezhrefiongaz Saint Petersburg LLC.

The Company uses both limit gas (gas within predetermined limits set for the regions at regulated prices approved by the Federal Antimonopoly Service of Russia) and supplementary gas (gas supplied in excess of the volumes fixed in the basic gas supply contract). In addition, commercial gas is purchased on the SPIMEX exchange. The weighted average gas prices increased by 3.6% versus 2020.

At year-end 2021, fuel costs accounted for 40.6% of the Company’s total operating costs. In total, fuel costs in 2021 increased by RUB 5,524 mln (+18.8%) versus 2020 and amounted to RUB 34,833 mln.



Higher expenses for this pay item were caused by higher electric power generation at combined heat and power plants by 16.0% and higher heat output from collectors by 14.0%.

Seasonality

Power generation by the Company’s power plants is sensitive to the demand for power, which varies depending on the season, time of day, weather conditions, outside temperature, daylight hours and day of the week (weekend or week day).

The demand for supply offers from specific power plants depends on both the demand for electricity and the structure of generating facilities within plant coverage (with account of system reliability requirements).

Water levels

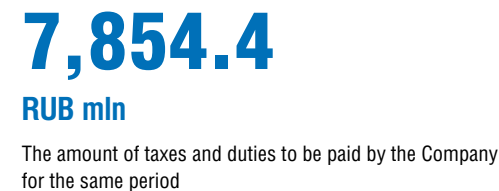
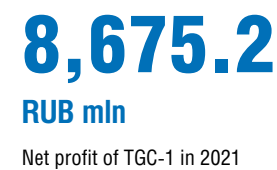
This factor affects electricity generation at hydroelectric power plants located in the Republic of Karelia and the Leningrad and Murmansk oblasts and is a crucial factor behind performance

of Kola and Karelian Branches of the Company. In 2021, the water levels at HPPs of the Company’s branches reduced by 0.9% as compared to 2020.

Taxation

TGC-1 is one of the major taxpayers in four constituent entities of the Russian Federation: Saint Petersburg, Leningrad Oblast, Republic of Karelia and Murmansk Oblast. In terms of taxes and duties payable to the budget, the Company is categorized as a major taxpayer and is under tax administration of the Interregional Inspectorate of the Federal Tax Service of Russia for Major Taxpayers No. 6 (Moscow).

In 2021, TGC-1 made a net profit of RUB 8,675.2 mln RUB. The amount of taxes and duties to be paid by the Company for the same period equals RUB 7,854.4 mln, including RUB 5,279.3 mln to federal budget and non-budgetary funds, and RUB 2,575.1 mln to regional and municipal budgets.



ACCOUNTING POLICIES

Accounting policies of TGC-1, as the specific principles, rules, bases and practices of accounting, have been developed in order to ensure most complete, fair, reliable and timely presentation of financial and managerial information in accounting records and statements, while also reflecting corporate and industry-specific peculiarities.

The accounting and tax reporting procedures adopted by TGC-1 have been approved by the order of its Managing Director and have been consistently followed since the date of the Company’s incorporation.

The Company’s accounting policy has been approved by Order of TGC-1 No. 304 of 31.12.2020.

TGC-1 has organized and is maintaining its accounting records in accordance with Federal Law No. 402-FZ of 06.12.2011 “On Accounting”, Order of the Federal Tariff Service of Russia No. 91 of 12.04.2013, the Regulations on Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of the Russian Federation No. 34n of 29.07.1998, and the operating Chart of Accounts developed on the basis of the Chart of Accounts for Purposes of Financial Accounting by Business Entities and Instructions for its implementation approved by Order of the Ministry of Finance of the Russian Federation No. 94n of 31.10.2000, reflecting corporate and industry-specific peculiarities.

The document flow in the Company for keeping accounting and tax records, as well as for issuing financial statements, is regulated by a document flow schedule. The document flow schedule establishes timelines, procedures and scope for submitting primary accounting and other documents to the Central Accounting Department by other departments and teams of the Company, its branches, representation offices and business units. The timelines and scope of submission by the Company of its accounting and tax reports to the competent state regulatory authorities are not set forth in the document flow schedule and are prescribed by the applicable laws.

Fixed assets

The Company maintains accounting records of fixed assets in accordance with Russian Accounting Standard (RAS) 6/01 enacted by Order No. 26n of 30.03.2001 of the Russian Ministry of Finance, and Methodological Guidelines

The basic rules for maintaining accounting records and documenting business operations are consistent with the Regulations on Accounting and Reporting of the Russian Federation with due consideration of certain industry-specific peculiarities recognized and laid down in the Company’s regulatory documents.

Annual financial statements of the Company are submitted for review and approval to the General Meeting of Shareholders and presented by the deadlines set forth in Article 13 of Federal Law No. 402-FZ of 06.12.2011 “On Accounting”.

Accounting records of assets, liabilities and business activities are maintained in rubles with kopecks, without rounding.

Stocktaking of assets and recognition of liabilities shall be conducted in accordance with Article 11 of Federal Law No. 402-FZ of 06.12.2011 “On Accounting”, Methodological Guidelines for Stocktaking of Assets and Recognition of Financial Liabilities approved by Order of the Russian Ministry of Finance No. 49 of 13.06.1995, and the Rules for Stocktaking of Assets and Recognition of Financial Liabilities approved by the Company’s order.

The stocktaking of assets, including those transferred under lease agreements, is conducted on-site by branches and business units responsible for operation of the respective facilities.

The procedure and timing of the annual stocktaking of assets and recognition of liabilities shall be established by the Managing Director of the Company through issuance of an order to that effect.

for Accounting of Fixed Assets enacted by Order No. 91n of 13.10.2003 of the Russian Ministry of Finance. Fixed assets are depreciated on a straight line basis over their useful lives.

Intangible assets

Accounting for intangible assets is conducted in compliance with RAS 14/2007 enacted by Order No. 153n of 27.12.2007 of the Russian Ministry of Finance.

Intangible assets are amortized on a straight line basis over their useful lives.

The amortization charges on intangible assets are reflected in the accounting records by accumulating appropriate amounts on Balance Account 05 “Intangible Asset Amortization”.

Financial investments

Accounting for financial investments is performed in compliance with RAS 19/02 enacted by Order No. 126n of 10.12.2002 of the Russian Ministry of Finance (as amended and supplemented).

Financial investments are accepted for accounting at their original cost. Original cost of financial investments purchased in exchange for a consideration is the amount of actual

expenses incurred by an entity for their purchase less the value added tax and other refundable taxes (except for cases stipulated by the laws of the Russian Federation on taxes and duties).

Upon retirement of a financial contribution which market value has not been determined, the original cost of each accounting unit within the financial contribution is applied.

Inventories

Accounting for inventories is conducted in compliance with RAS 5/2019 enacted by Order No. 180n of 15.11.2019 of the Russian Ministry of Finance.

Analytical accounting for materials is based on an operative accounting (cash accounting) method. Contractual prices are used as book prices.

Prepaid expenses

Prepaid expenses relating to the periods commencing after the end of a year following the year under report, appear on the balance sheet as long-term assets on the balance account “Other Non-Current Assets”. Prepaid expenses relating to the current year appear on the balance sheet as “Other Current Assets”.

Settlements, other assets and liabilities

Trade and other receivables are recorded in the Company’s accounting records and financial statements in the value for which settlement documents have been presented (in the value as appears in the invoice, in the value as stipulated in the contract, etc.). Accounts receivable are considered to be settled upon money crediting to the Company’s bank account or upon signing some other contract (agreement) on termination (modification) of obligations.

Accounts receivable are presented as short-term if their payment term does not exceed 12 months after the reporting date. Other receivables are recorded as long-term receivables.

Accounts receivable are shown in the financial statements less a bad debt reserve. A bad debt reserve is established for each bad debt basing on the analysis of the financial standing

(solvency) of a debtor and assessed probability of debt repayment in whole or in part.

Other assets of the Company, its branches and business units shall be evaluated based on the actual expenses at the time of their entering to the books.

Accounts payable for loans and borrowings received are recorded in the books and reflected in financial statements including the amount of interest due at the end of the reporting period.

Accounts payable to suppliers and contractors and other creditors are recorded in the books and reflected in financial statements in the value as appears on settlement documents accepted for payment (invoices, contracts, etc.) and the value of accrued liabilities.

Deferred taxes

Deferred tax assets and deferred tax liabilities are reflected on the balance sheet in an expanded format as non-current assets in the line “Deferred Tax Assets” and long-term liabilities in the line “Deferred Tax Liabilities”, respectively.

Financial results

Accounting of earned revenues for sold products and goods, for provided works and services is conducted by activity type.

Revenues from ordinary activities are revenues from sales of electric and heat power, and other activities. Other activities which generate revenues are recorded on balance account 90 “Sales”, and refer to the activities as described in the Charter which generate revenues on a regular basis.

Accounting for expenses related to ordinary activities is performed in accordance with RAS 10/99 “Expenses of an Organization” with due consideration of industry-specific nuances of accounting for costs of production and sale of products (goods, works, services) in accordance with the basic principles of accounting, allocation of costs and preparation of reports by activity type developed by the Company.

Expenses on R&D, experimental design and engineering technology

Accounting records of expenses on R&D, experimental design and engineering technology are maintained in accordance with RAS 17/02 enacted by Order No. 115n of 19.11.2002 of the Russian Ministry of Finance.

Events after the reporting date

Events that occurred after the reporting date and impacted or may impact the Company’s financial standing are reflected in the financial statements as information disclosed in an explanatory note.

Tax accounting

The Company accrues and pays taxes and duties in accordance with the laws of the Russian Federation on taxes and duties, the laws of the constituent entities of the Russian Federation on taxes and duties, the regulations of the local authorities on taxes and duties.

Amendments to the Accounting Policies

Amendments to the accounting policies can be made in the following cases:

- changes in requirements established by the laws of the Russian Federation on accounting, federal and/or industry-related standards;
- development or adoption of a new accounting method, which provides more accurate information about the accounted item;
- material changes in the business circumstances of the Company.

Amendments to the accounting policies shall be reasonable and officiated by issuance of a necessary executive instrument (order) within the Company.

ANALYSIS OF FINANCIAL PERFORMANCE UNDER RUSSIAN ACCOUNTING STANDARDS

Income statement for 2019-2021

Income Statement, RUB thousand	2019	2020	2021
INCOME AND EXPENSES RELATING TO ORDINARY ACTIVITIES			
Proceeds (net) from sale of goods, products, works, services:	90,836,923	84,158,198	97,672,889
Electricity and capacity for domestic consumers	52,063,638	47,492,227	51,045,564
Electricity and capacity for export	1,744,464	727,522	4,436,192
Heat	36,316,345	35,342,267	41,494,646
Other goods, products, works, services	712,476	596,182	696,487
Production cost	(78,988,281)	(74,190,248)	(85,884,848)
Electricity and capacity for domestic consumers	(39,170,401)	(35,929,634)	(42,820,035)
Electricity and capacity for export	(570,728)	(252,364)	(1,060,552)
Heat	(39,015,231)	(37,775,334)	(41,778,314)
Other goods, products, works, services	(231,921)	(232,916)	(225,947)
Gross profit	11,848,642	9,967,950	11,788,041
Profit (loss) from sales	11,848,642	9,967,950	11,788,041
OTHER INCOME AND EXPENSES			
Interest receivable	413,984	378,176	635,318
Interest payable	(530,307)	(322,100)	(449,197)
Income from shareholding in other companies	0	0	0
Other income	2,836,390	1,974,520	3,009,302
Other expenditures	(2,963,812)	(3,636,470)	(4,269,367)
Profit (loss) before tax	11,604,897	8,362,076	10,714,097
Profit tax, including:	(2,154,025)	(1,597,002)	(2,036,949)
current profit tax	(2,292,192)	(1,904,409)	(2,373,026)
deferred profit tax	111,494	287,439	254,177
profit tax of past years	26,673	19,968	81,900
Other	(1,631)	(1,769)	(1,985)
Net profit	9,449,241	6,763,305	8,675,163

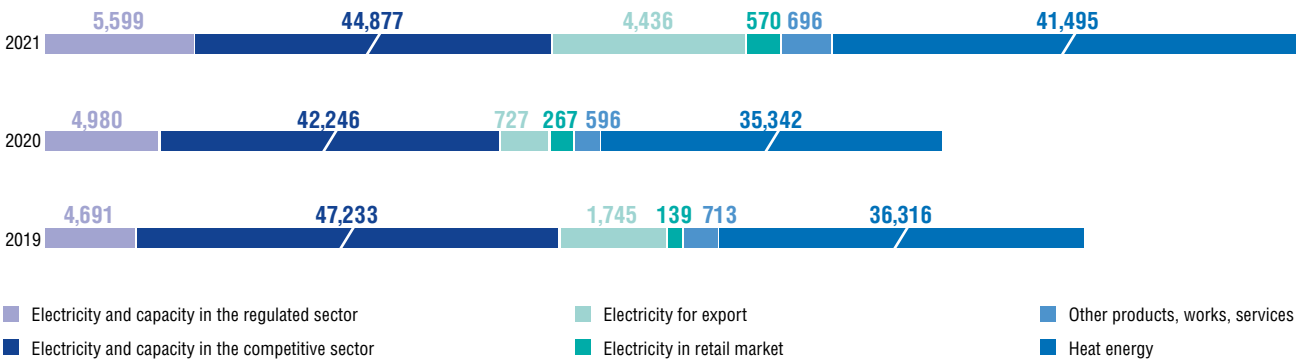
Revenue

The Company’s revenues in 2021 were generated from sales of heat energy, electric energy and capacities in wholesale and retail markets, export supplies and from sales of other products, works and services, and comprised RUB 97,672.9 mln, which is RUB 13,514.7 mln higher than in 2020

Revenue structure in 2019-2021

Indicator	2019		2020		2021		2021/2022 ,%
	RUB mln	share, %	RUB mln	share, %	RUB mln	share, %	
Electricity and capacity, including:	53,808	59.2	48,220	57.3	55,482	56.8	115.1
Electricity and capacity in the WECM regulated sector	4,691	5.2	4,980	5.9	5,599	5.7	112.4
Electricity and capacity in the WECM competitive sector	47,233	52.0	42,246	50.2	44,877	46.0	106.2
Electricity for export	1,745	1.9	727	0.9	4,436	4.5	610.2
Electricity and capacity in retail market	139	0.2	267	0.3	570	0.6	213.5
Heat energy	36,316	40.0	35,342	42.0	41,495	42.5	117.4
Other products, works, services	713	0.8	596	0.7	696	0.7	116.8
TOTAL REVENUE	90,837	100.0	84,158	100.0	97,673	100.0	116.1

Revenue structure in 2019-2021, RUB mln



Revenue from sales of electricity and capacity

At year-end 2021, the Company’s revenue from sales of electricity and capacity increased by 15.1% as compared to 2020 and amounted to RUB 55,481.8 mln against RUB 48,219.7 mln a year ago.

The share of revenue from electric power and capacity sales in the regulated sector of the wholesale market in the Company’s aggregate revenues decreased by 0.2 p.p. versus 2020 (from 5.9% to 5.7%).

Where the energy is born

At the same time, the growth of revenue from electricity and capacity sales in the regulated sector of the wholesale market as compared to 2020 in absolute terms amounted to RUB 619 mln (+12.4%) due to the bigger volume of capacity reservation under regulated contracts and the raised tariffs for electricity and capacity approved by the FAS of Russia for 2021.

The share of revenues from sales in the competitive sector decreased by 4.2 p.p. to 46.0% against 50.2% a year ago. In absolute terms, our revenue from sales in the competitive sector amounted to RUB 44,877.00 mln, which is 6.2% higher versus the last year (+ RUB 2,631.00 mln). This growth in

revenues is mainly attributable to the higher revenues from the sale of electricity on the day-ahead market (+30.5%) and the balancing market (+31.8%).

Revenue from export sales amounted to RUB 4,436.2 mln, which is equivalent to 4.5% of the Company’s total revenue, with export sales growing by 198.7% versus 2020 due to the highly favorable pricing environment in the NordPool Scandinavian electricity market.

Revenue from electricity sales in the retail market amounted to RUB 570.3 mln, which is equivalent to 0.6% of the Company’s total revenue.

Heat energy sales proceeds

At year-end 2021, the Company’s revenue from heat sales increased by 17.4% as compared to 2020 and amounted to RUB 41,494.6 mln against RUB 35,342.3 mln a year ago. Increase in the revenue from heat sales is due to an increase in the volume of heat sales by 12.1% compared to 2020 due to lower outside temperatures during the heating period.

41,494.6

RUB mln

revenue from heat sales in 2021

Revenue from sales of other products, works and services

The main source of revenues from sales of other products, works and services were services for connecting consumers to heating grids, fuel oil transshipment, leasing, railway and other transport services.

At year-end 2021, revenues from sales of other products, works and services increased by 16.8% as compared to 2020 and amounted to RUB 696.5 mln against RUB 596.2 mln in a previous year. This increase was mainly due to an increase in proceeds from heating grid connection services. In 2021, the share of revenue from sales of other products, works and services in the Company’s total revenues was 0.7%.

Profitability of sales

In 2021, the Company’s profitability of sales increased up to 12.07% against 11.84% in 2020 due to the faster growth of revenues (16.1%) versus growth of operating expenses (15.8%).

12.07%

The Company’s profitability of sales in 2021

Production cost

The cost of production and sales of works and services in 2021 amounted to RUB 85,884.8 mln, including RUB 85,658.9 mln for ordinary activities, and RUB 225.9 mln for non-core activities.

The biggest fraction of production costs relates to generation of electricity (RUB 43,880.6 mln) and heat (RUB 41,778.3 mln).

The main reasons for change in the cost of production are as follows:

- Increase in fuel costs due to the increase in production volumes of electricity (by 16.0%) and heat (by 14.0%) at CHPPs;
- Increase in the cost of purchased energy due to the higher purchase prices for electricity and the higher volume of purchased electricity.

Profit

In 2021, profit from sales increased by RUB 1,820.0 mln and totaled RUB 11,788.0 mln. Profit before tax amounted to RUB 10,714.1 mln. The Company's net profit in 2021 amounted to RUB 8,675.2 mln and increased by RUB 1,911.9 mln versus 2020.

11,788.0

RUB mln.

Profit from sales in 2021

Dynamics of profit of TGC-1 in 2019-2021, RUB mln

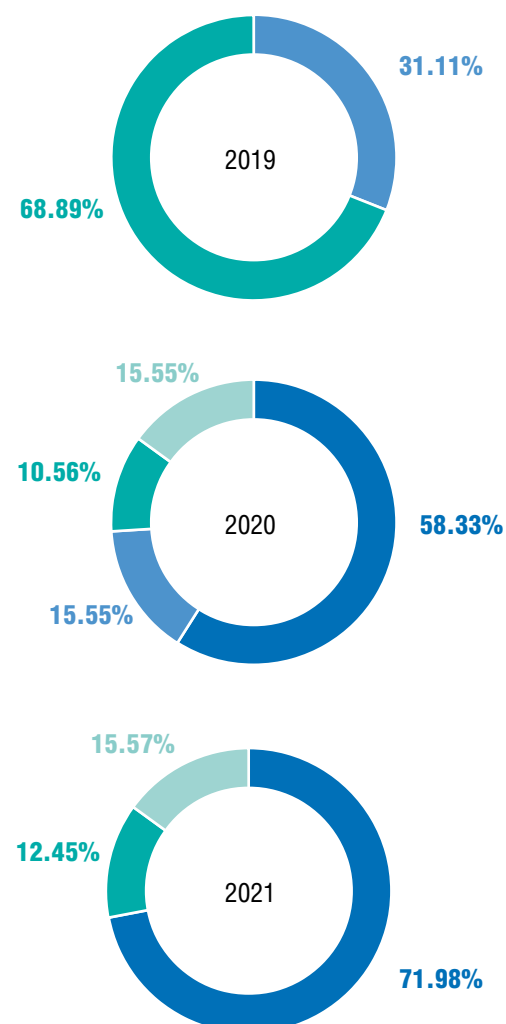
Indicator	2019	2020	2021	2021/2020, %
Revenue	90,836.9	84,158.2	97,672.9	+16.1
Operating profit	11,848.6	9,968.0	11,788.0	+18.3
Net profit	9,449.20	6,763.3	8,675.2	+28.3

EBITDA

EBITDA increased by 14.7% and totaled RUB 17,983.3 mln.

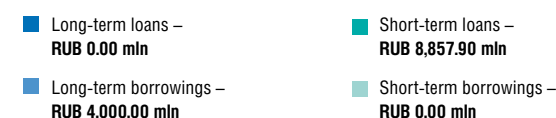
Loan portfolio

Structure of loan portfolio of TGC-1



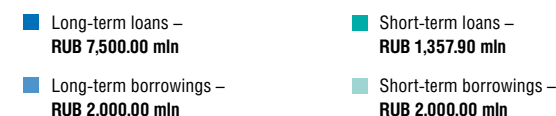
Loan portfolio in 2019

RUB 12,857.90 mln



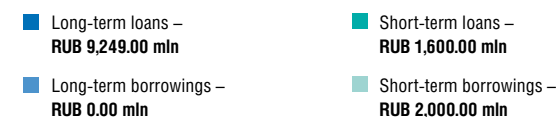
Loan portfolio in 2020

RUB 12,857.90 mln



Loan portfolio in 2021

RUB 12,849.00 mln



Where the energy is born

The loan portfolio as of December 31, 2021 decreased by RUB 8.90 mln as compared to December 31, 2020, and totaled RUB 12,849.00 mln. In 2021, the Company repaid RUB 9,274.90 mln in accordance with the terms of existing loan agreements or ahead of schedule. Long-term loans account for the major part of the Company's borrowed capital structure as of

the reporting date (71.98%). There is no overdue debts on loans or borrowings. The Company fully complies with the covenants prescribed by the loan agreements.

The weighted average interest rate on ruble-denominated loans and borrowings amounted to 6.36% for 12 months of 2021 versus 5.33% for 12 months of 2020.

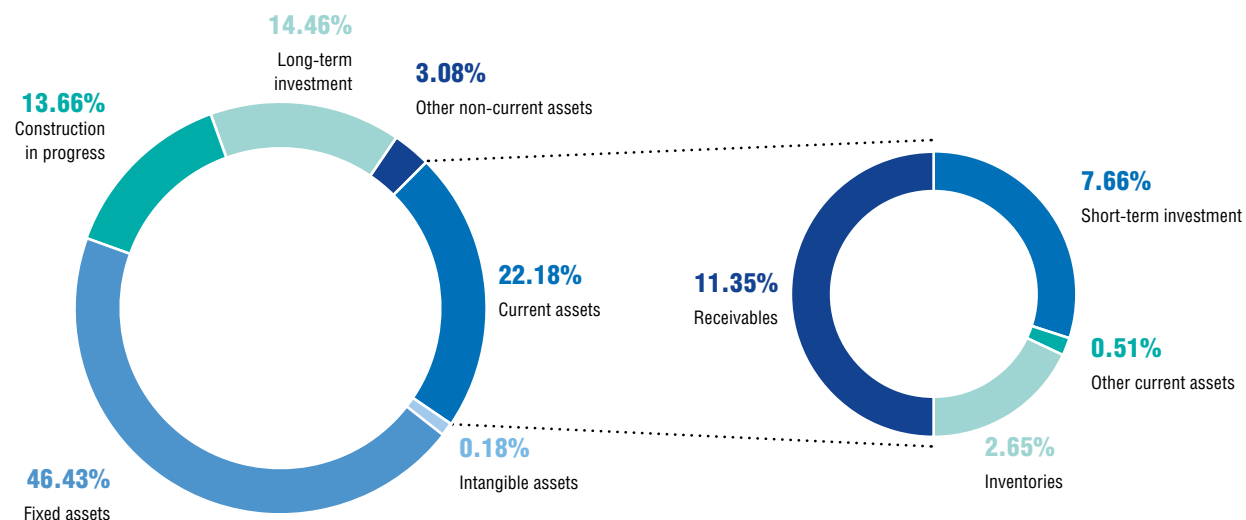
Analysis of the Company's financial and economic performance

Indicator		2019		2020		2021		2021/2020, %
		RUB mln	Share in balance-sheet total, %	RUB mln	Share in balance-sheet total, %	RUB mln	Share in balance-sheet total, %	
Assets	Non-current assets	100,146	76.20	102,380	74.47	108,929	77.82	6.40
	Current assets	31,279	23.80	35,093	25.53	31,048	22.18	-11.53
	TOTAL	131,424	100.00	137,473	100.00	139,976	100.00	1.82
Liabilities	Equity and reserves	103,307	78.6	106,075	77.16	110,624	79.03	4.29
	Long-term liabilities	8,652	6.6	14,207	10.33	13,993	10.00	-1.50
	Short-term liabilities	19,466	14.8	17,191	12.51	15,359	10.97	-10.66
	TOTAL	131,424	100.00	137,473	100.00	139,976	100.00	1.82



Asset structure

Asset structure of TGC-1 in 2021



As of December 31, 2021, non-current assets in monetary terms comprised RUB 108,928.63 mln, with fixed assets accounting for the largest part of the balance-sheet total, 46.43%. As of December 31, 2021, fixed assets (including construction in progress) increased by 6.06% versus the previous year.

Long-term financial investments account for 14.46% of the balance sheet total, including shareholdings in subsidiaries and affiliates, i.e. JSC “St. Petersburg Heating Grid”, JSC “Murmanskaya CHPP”, and JSC “HHC”. Other non-current assets of the Company (including deferred tax assets) account for 3.08%, while intangible assets account for 0.18%.

The total share of current assets in the total assets as of the reporting date is 22.18%, which in monetary terms equals RUB 31,047.66 mln. In 2021, the Company’s current assets decreased by 11.53% as compared to 2020, which was mainly caused by a decrease in short-term investments.

In 2021, accounts receivable decreased both due to reduction in the advances issued and due to less long-term receivables from buyers and customers. The advances issued to contractors will be set off in accordance with the terms of contracts. The Company is continuously strengthening its efforts to manage the receivables.

Dynamics of accounts receivable of TGC-1, RUB mln

Accounts receivable		2019		2020		2021		2021/2020, %
		RUB mln	Share, %	RUB mln	Share, %	RUB mln	Share, %	
from buyers and customers	long-term	1,362	80.50	1,302	78.52	798	86.51	-38.67
	short-term	11,972		11,562		12,949		11.99
advances issued	long-term	603	17.01	694	19.36	661	10.53	-4.71
	short-term	2,215		2,478		1,012		-59.16
other receivables	long-term	29	2.49	29	2.13	32	2.96	10.41
	short-term	384		320		439		37.36
Total		16,565	100.00	16,384	100.00	15,891	100.00	-3.01%

Net asset value represents the estimated cost of the entity’s assets after all claims of third parties have been settled either formally or actually. The value of TGC-1 net assets as of 31.12.2021 is equal to RUB 110,642,651 thousand. As of 31.12.2021, the Company’s authorized capital is less than the Company’s net assets, which complies with the requirements of Article 35 of the Federal Law “On Joint Stock Companies”.

Liabilities Structure

As of 31.12.2021, the liabilities of TGC-1 comprised RUB 139,976.28 mln. The Company’s equity increased by 4.29% over 2021 due to the increase in retained earnings.

Liabilities structure of TGC-1

Liabilities		As of 31.12.2019		As of 31.12.2020		As of 31.12.2021		2021/2020, %
		RUB mln	Share in balance-sheet total, %	RUB mln	Share in balance-sheet total, %	RUB mln	Share in balance-sheet total, %	
Equity and reserves	Authorized capital	38,543	78.61	38,543	77.16	38,543	79.03	0.00
	Additional capital	32,873		32,847		32,613		-0.71
	Reserve capital	1,927		1,927		1,927		0.00
	Retained earnings (uncovered loss)	29,963		32,757		37,540		14.60
Long-term liabilities	Loans and borrowings	4,000	6.58	9,500	10.33	9,249	10.00	-2.64
	Deferred tax liabilities	4,449		4,256		3,988		-6.29
	Other	203		451		756		67.62
Short-term liabilities	Loans and borrowings	8,912	14.81	3,401	12.51	3,659	10.97	7.59
	Accounts payable	10,276		13,477		11,373		-15.62
	Estimated liabilities	278		313		309		-1.20
	Other	0		0		19		-
TOTAL liabilities		131,424	100.00	137,473	100.00	139,976	100.00%	1.82

As of 31.12.2021, the Company had short-term payables to suppliers and contractors in the amount of RUB 9,649.22 mln. The largest creditors at the reporting date are TEK Inform LLC, TGC-Service LLC, Gazprom Mezhhregiongaz Saint Petersburg LLC, TER LLC, GEH Control System LLC, JSC “St. Petersburg Heating Grid”, which account for 53.65% of the total payables

to suppliers and contractors. All debts are current, arising under the payment terms of contracts. Accounts payable also include advances received (4.80%), taxes and duties payable (5.15%), payroll payable (2.25%), payables to state and non-budgetary funds (1.40%) and payables to other creditors (1.54%).

Dynamics of accounts payable of TGC-1, RUB mln

Dynamics of accounts payable of TGC-1		As of 31.12.2019	As of 31.12.2020	As of 31.12.2021	2021/2020, %
Accounts payable		10,276	13,477	11,373	-15.62
including:					
Suppliers and contractors		8,863	10,606	9,649	-9.02
including:					
Suppliers of electricity and heat		496	513	666	29.88
Fuel suppliers		436	1,513	1,263	-16.51
Construction companies		2,691	4,194	3,765	-10.22
Repair companies		816	565	1,211	114.50
Other suppliers and contractors		4,423	3,822	2,744	-28.21
Bills payable		0	0	0	
Payroll payable		233	242	256	5.98
Payables to state and non-budgetary funds		134	141	160	13.31
Taxes and duties payable		389	1,781	586	-67.10
Advances received		553	559	546	-2.27
Other creditors		105	149	175	17.75

Liquidity analysis

Liquidity analysis of TGC-1

Liquidity Ratios	2019	2020	2021
Absolute liquidity ratio	0.57	0.87	0.71
Quick liquidity ratio	1.35	1.75	1.70
Current liquidity ratio	1.53	1.96	1.97
Equity ratio	0.79	0.77	0.79

The liquidity ratios as of the reporting date demonstrate that TGC-1 has sustained its financial stability and that the Company has sufficient financial resources to run its business operations and timely settle its liabilities.

The actual liquidity ratios in 2021 were achieved due to a high level of the most liquid assets and a decrease in short-term debts. Total debts accounted for 20.97% of TGC-1 total liabilities. The Company has complied with all limits set by internal regulatory documents.

Profitability analysis

Profitability analysis of TGC-1

Profitability indicators	2019	2020	2021
Profitability of sales	13.04%	11.84%	12.07%
Profitability of core operating activities	15.00%	13.44%	13.73%
Return on total capital	8.83%	6.08%	7.65%
Return on equity*	9.33%	6.43%	7.91%
EBITDA profitability	21.44%	18.63%	18.41%

Profitability indicators for 2021 show positive dynamics, except for EBITDA profitability. The main factor that influenced the dynamics of profitability was an increase in revenues driven by higher consumption of electricity and heat energy, due to colder temperatures outside.

Business performance analysis

Business performance analysis of TGC-1

Business performance indicators	2019	2020	2021
Labor efficiency, (RUB mln/person)	14.03	12.76	14.87
Return on assets	1.37	1.28	1.50
Capital-to-labor ratio (RUB mln)	10.21	9.93	9.89
Receivables turnover rate (times)	6.34	5.95	7.40
Receivables turnover period (days)	56.74	60.45	48.67
Inventory turnover (times)	24.43	21.24	24.41
Inventory turnover period (days)	14.74	16.95	14.75
Accounts payable turnover rate (times)	10.70	8.74	9.38
Accounts payable turnover period (days)	33.65	41.19	38.40
Duration of operating cycle (days)	71.48	77.41	63.42
Duration of financial cycle (days)	37.83	36.22	25.02

Business performance indicators at the end of 2021 indicate improved labor efficiency and return on assets and a shorter duration of operating cycle (in days), which is the result of the higher revenues. Positive dynamics in duration of financial cycle (in days) reflects reduction of time during which financial resources are withdrawn from circulation, thereby making financing of the Company’s activities more stable.

ANALYSIS OF FINANCIAL PERFORMANCE UNDER IFRS

Key performance indicators of TGC-1 and its subsidiaries, RUB mln

Indicator	2019	2020	2021	2021/2020, %
Revenue	97,256	88,889	102,280	15.1
Operating expenses	(85,599)	(76,913)	(93,023)	20.9
Operating profit	12,149	10,824	9,513	-12.1
EBITDA*	22,500	21,935	21,171	-3.5
EBITDA, adjusted**	27,668	23,229	22,882	-1.5
Profit before tax	10,339	10,235	8,889	-13.2
Profit	7,990	8,253	7,114	-13.8
TOTAL ASSETS	182,504	190,787	194,813	2.1

* EBITDA is calculated as a sum of operating profit, depreciation and amortization
** EBITDA adjusted is calculated as a sum of operating profit, depreciation and amortization, impairment losses on non-financial assets less gains on the recovery of impairment losses on non-financial assets

The Group includes TGC-1 and its subsidiaries: JSC “Murmanskaya CHPP” and JSC “St. Petersburg Heating Grid”, along with CTP North-West LLC, a 100% subsidiary of JSC “St. Petersburg Heating Grid” (the Group).

The growth in revenues from electricity and heat sales was driven by lower outside temperatures during the 2021 heating season, an earlier start of the heating season in the fall of 2021, and the recovery of electricity consumption due to the lifting of a number of restrictions relating to operations of businesses and organizations.

Revenue structure, RUB mln

Indicator	2019	2020	2021	2021/2020, %
Electricity and capacity	53,808	48,220	55,474	15.0
Heat energy	41,864	39,001	45,520	16.7
Other proceeds	1,584	1,668	1,286	-22.9
TOTAL REVENUE	97,256	88,889	102,280	15.1

The Group’s comparable operating expenses increased by 20.9% to RUB 93 bln 23 mln, mostly due to an increase in fuel costs and expenses to purchase energy against the backdrop of higher production volumes.

The Group’s operating profit decreased to RUB 9 bln 513 mln, EBITDA for the reporting period reached RUB 21 bln 171 mln. Profit for the period comprised RUB 7 bln 114 mln.

SECURITIES AND CORPORATE GOVERNANCE



WHERE THE ENERGY IS BORN

ANNUAL REPORT 2021

EQUITY STRUCTURE

The authorized capital of TGC-1 is RUB 38,543,414,165.71 and is divided into 3,854,341,416,571 +3/7 ordinary registered shares with the same par value of RUB 0.01. The Company has not placed any preference shares. In addition to already placed shares, the Company has the right to issue 674,494,100 ordinary registered shares (authorized shares).

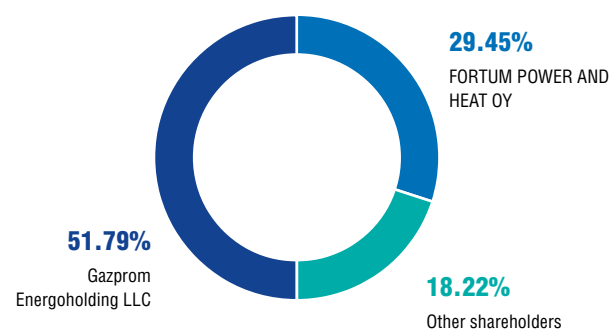
Total number of persons registered in the Shareholder Register of TGC-1 as of December 31, 2021 was 291,806, with most of shareholders being individuals.

Structure of TGC-1 shareholders as of 31.12.2021

Shareholder*	Number of shares, pcs.	Stake, %
Gazprom Energoholding LLC	1,996,046,978,490	51.79
FORTUM POWER AND HEAT OY	1,135,074,850,193	29.45
National Settlement Depository (nominal holder)	598,782,786,208	15.53
Individuals	96,167,720,500 +3/7	2.50
Other legal entities	6,985,982,149	0.18
Other nominal holders	489,199,031	0.01
TOTAL	3,854,341,416,571 +3/7	100

* The stake of Fortum Power and Heat Oy is 29.99% (1,155,868,750,193 shares) as of 24.05.2021 – the issuance date of the list of persons entitled to participate in the Annual General Meeting of TGC-1 Shareholders with account of the disclosed nominee holders.

Structure of TGC-1 shareholders as of 31.12.2021



There were no changes in the composition of persons entitled to dispose, directly or indirectly, of at least five percent of the votes attached to the Company's voting shares. In 2021, TGC-1 did not issue any additional shares.

TGC-1 and legal entities under its control do not hold any shares of the Company that they may dispose of.

The Shareholder Register of TGC-1 is maintained by DRAGA JSC (license number 10-000-1-00291). Details about the registrar are provided in Appendix 1 to this Annual Report.

SECURITIES CIRCULATION

SHARES

The state registration number of the issue of TGC-1 shares is 1-01-03388-D, the state registration date is May 17, 2005, and the International Securities Identification Number (ISIN) is RU000A0JNUD0.

The shares of TGC-1 have been traded on the main trading floor of the Russian stock market, the Moscow Stock Exchange (stock ticker: TGKA), since March 26, 2007, and appear in the Level 1 Quotation List. Securities are traded on the stock market of the Moscow Stock Exchange in the main trading mode: T+Shares and DRs.

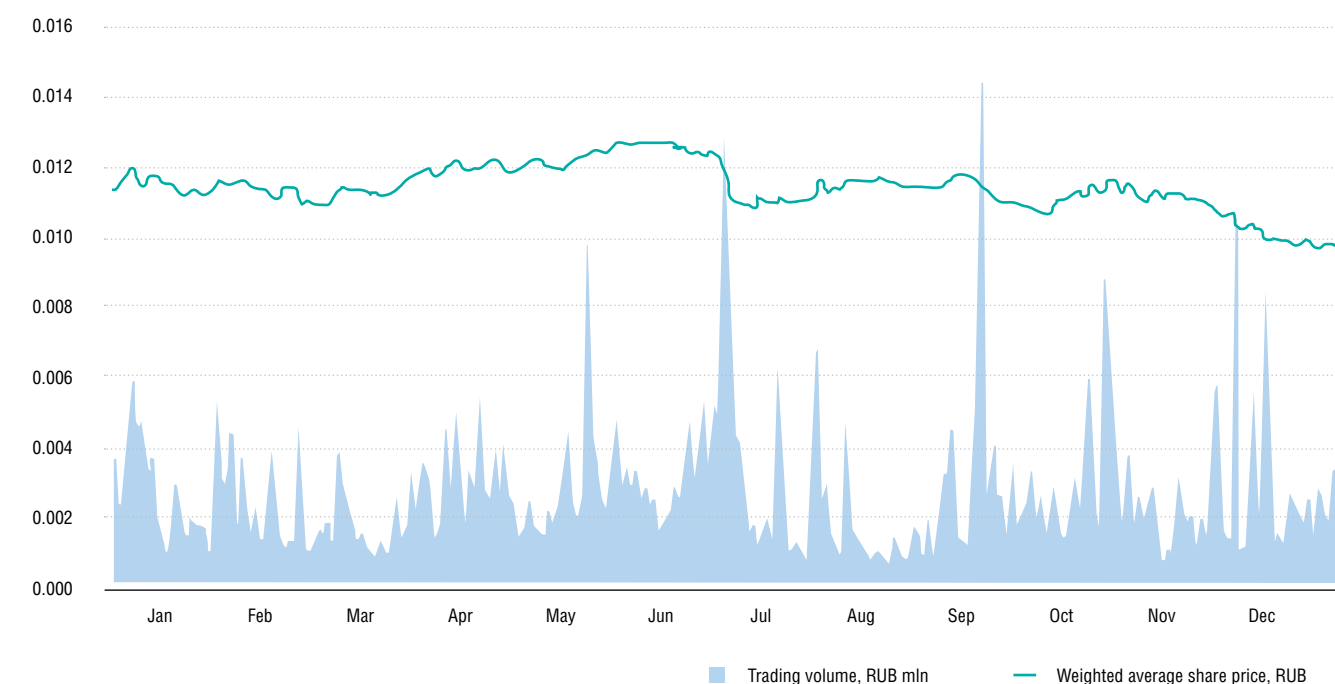
The trading volume of TGC-1 shares on the Moscow Stock Exchange in the main trading mode in 2021 amounted to RUB 11.143 bln, which is 55% less than in 2020. The average daily trading volume in each calendar quarter of 2021 was above the limit required to stay in the Level 1

Quotation List. Like all generating companies, TGC-1 is viewed as a low-risk return investment. Stable payment of dividends is an undeniable positive factor.

During 12 months of 2021, the ruble-based MOEX Russia index grew by 15.15%, the dollar-based RTS index grew by 15.01%, whereas the MICEX PWR index decreased by 15.21%. The dynamics of TGC-1 quotes closely correlated with the dynamics of the Russian stock market as a whole. As of 30 December 2021, the Company's capitalization amounted to RUB 38.3 bln.

Compliant with the requirements of Russian and international laws and the principles of information transparency and openness, TGC-1 attaches the highest priority to protection of the rights of its shareholders and potential investors.

Dynamics of TGC-1 stock trading on Moscow Stock Exchange in 2021 (main trading mode)



GLOBAL DEPOSITARY RECEIPT PROGRAM

In May 2008, TGC-1 obtained permission from the Russian Federal Financial Markets Service (FFMS) to place and trade the uncertificated registered ordinary shares not exceeding 20% of the total number of shares outside the Russian Federation.

TGC-1 global depositary receipts (GDR) program was launched on July 9, 2008. The program was initiated to secure the rights of holders of depositary receipts of RAO UES of Russia who received the stock of the distributed companies pro rate their shareholding after its liquidation.

The Bank of New York Mellon, the world leader in this segment of financial market and the holder of RAO UES of Russia GDR

Program, was chosen as the depositary bank by the open request for proposals.

Depositary receipts have been issued under Regulation S and Rule 144A. One GDR certifies rights to 5,000 ordinary registered shares of TGC-1. The securities are traded on the over-the-counter market (OTC).

In August 2021, a decision was made to terminate the GDR Program due to its low activity and inexpediency of its continuation. Given the scope of the GDR program, its termination has not affected the liquidity of TGC-1 shares.

After due notification of receipt holders by the depositary bank, the issue of GDRs was redeemed in 2021.

DIVIDENDS AND DIVIDEND POLICY

The main purpose of TGC-1 dividend policy is to respect the right of shareholders to dividends, while keeping a balance between interests of shareholders and those of the Company.

TGC-1 adopted Regulations on Dividend Policy approved by the Company's Board of Directors on December 14, 2017 (Minutes No. 7 of December 18, 2017).

Under the above Regulations, the dividends are payable from the Company's profit after tax (net profit) as assessed under the Russian Accounting Standards (RAS).

The Company has the right to decide on (declare) the payout of dividends on its shares and to make dividend payments subject to the restrictions imposed by Article 43 of Federal Law No. 208-FZ "On Joint Stock Companies".

WHEN CALCULATING THE SIZE OF DIVIDENDS, THE FOLLOWING PRINCIPLES ARE OBSERVED:



TRANSPARENCY
of the mechanism used for determining the size of dividends;



MAINTAINING A BALANCE
between short-term (income generation) and long-term (Company development) interests of shareholders;



FOCUS
on improving the investment appeal and capitalization of the Company.

THE AMOUNT OF DIVIDENDS IS CALCULATED AS FOLLOWS:

1

Some portion of net profit is directed to form a reserve fund pursuant to the Charter of the Company. According to Article 10.1 of the Charter of TGC-1, the size of a reserve fund of the Company shall be 5% of the authorized capital. At the beginning of the reporting year, the reserve fund of TGC-1 was fully funded and comprised RUB 1,927,171 thousand. Currently, no contributions are made to the reserve fund.

2

Some portion of net profit in the size as recommended by the Board of Directors is allocated for dividends.

3

The net profit remaining after the deductions stipulated in Clauses 1 and 2 remains at the disposal of the Company.

For making a decision on the payment of dividends, the Board of Directors of the Company submits recommendations regarding the size of dividends to the General Meeting of Shareholders for consideration. Dividends are paid out after a decision to that effect is made by the General Meeting of Shareholders.

Report on payout of declared (accrued) dividends on TGC-1 shares

The Annual General Meeting of TGC-1 Shareholders held on June 18, 2021 made a decision to pay out cash dividends for 2020 in the size of RUB 0.001070552 per one ordinary share of the Company. On July 05, 2021, such persons entitled to receive dividends were determined.

4,126,272.91

RUB thousand

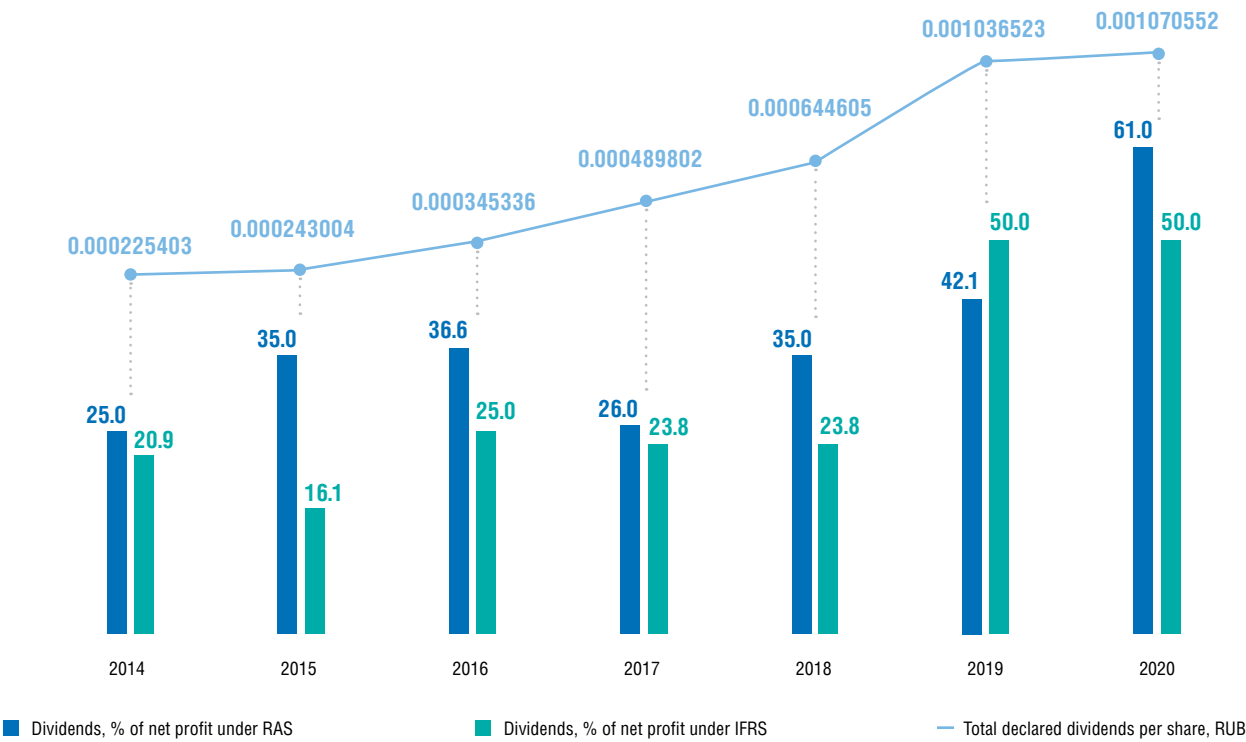
The total dividends declared by TGC-1 at year-end 2020, or 61.0% of the Company's net profit under the Russian Accounting Standards (RAS).

Dividends accrued and paid by the Company in 2017-2021

Dividends	2017 (for 2016)	2018 (for 2017)	2019 (for 2018)	2020 (for 2019)	2021 (for 2020)
Total Dividends, RUB mln	1,331.0	1,887.9	2,484.5	3,995.1	4,126.3
Dividends per share, RUB	0.000345336	0.000489802	0.000644605	0.001036523	0.001070552
Dividends, % of net profit under RAS	36.6	26	35	42.1	61
Dividends, % of net profit under IFRS	25	23.8	23.8	50	50
Declaration date	19.06.2017	06.06.2018	10.06.2019	22.06.2020	18.06.2021
Due date for declared dividend payout	11.08.2017	30.07.2018	31.07.2019	11.08.2020	09.08.2021
Total dividends paid out as of 31.12.2020, RUB mln	1,317.7	1,872.5	2,464.0	3,960.3	4,091.1
Total dividends paid as a proportion of total dividends declared, %	99.00	99.18	99.17	99.13	99.15
Declared dividend form of payment	Cash	Cash	Cash	Cash	Cash

No decisions to pay the interim dividends in 2021 were made by the management bodies of the Company.

Dividend payout by TGC-1



BONDS

Circulating bonds of TGC-1 are traded on the Moscow Stock Exchange and appear in Level 3 Quotation List. Coupon payments on TGC-1 bonds in the reporting year 2021 were made in full with strict observance of the payment schedule.

As of 31.12.2021, certificated interest-bearing non-convertible bearer bonds with obligatory centralized custody Series 03, (ISIN) RU000A0JS1W0, were redeemed.

Information on circulating bond issues of TGC-1

Type of securities	Corporate bonds Series 04
Registration number	4-04-03388-D
Registration date	08.12.2011
ISIN	RU000A0JS470
Issue size	2,000,000 pcs
Nominal value, RUB	1,000
Coupon rate, % per annum	1-2 coupons – 7.6%; 3-4 coupons – 8.1%; 5-6 coupons – 8.0%; 7-8 coupons – 12.9%; 9-10 coupons – 14.4%; 11-12 coupons – 6.9%; 13-14 coupons – 4.0%; 15-16 coupons – 5.8%; 17-18 coupons – 4.5%; 19 coupon – 6.4%; 20 coupon – to be determined by the Issuer
Coupon payment intervals	Twice a year
Date of placement	27.02.2012
Circulation period	10 years
Redemption date	14.02.2022
Early redemption	Not available
Placement organizer	Leader Investment Company JSC
Trading platform	Moscow Stock Exchange
Quotation list	Level 3

CREDIT RATINGS

An essential component of efforts to improve the investment appeal is cooperation with rating agencies.

Credit rating by ACRA*

ACRA

31.12.2020

Credit national scale rating

AA+ (RU)

Stable Outlook

* On 18.01.2018, ACRA assigned the rating AA (RU), Stable Outlook
On 31.12.2020, it raised the rating to AA+(RU), Stable Outlook
On 27.12.2021, ACRA affirmed its ratings to the Issuer.

CREDIT RATINGS OF TGC-1

Credit rating by S&P Global Ratings**

S&P Global Ratings

20.09.2018

Long-term global scale rating

BBB-

Stable Outlook

** On 20.09.2019, S&P Global Ratings affirmed long-term and short-term ratings BBB-/A-3.
On 29.09.2020, S&P Global Ratings affirmed long-term and short-term ratings BBB-/A-3.
On 21.09.2021, S&P Global Ratings affirmed long-term and short-term ratings BBB-/A-3.

20.09.2018

Short-term global scale rating

A-3

Stable Outlook

Credit rating by Fitch Ratings***

Fitch Ratings

12.09.2019

Long-term IDR in foreign currency

BBB

Stable Outlook

12.09.2019

Short-term IDR in foreign currency

F3

12.09.2019

Senior unsecured rating in national currency

BBB

*** On 01.09.2020, Fitch Ratings affirmed its ratings to the Issuer.
On 02.07.2021, Fitch Ratings affirmed its ratings to the Issuer.

12.09.2019

Long-term IDR in national currency

BBB

Stable Outlook

12.09.2019

Short-term IDR in national currency

F3

INTERACTIONS WITH INVESTMENT COMMUNITY

TGC-1 interactions with the investment community are coordinated by the Equity and Investor Relations Department of the Corporate Affairs Division.

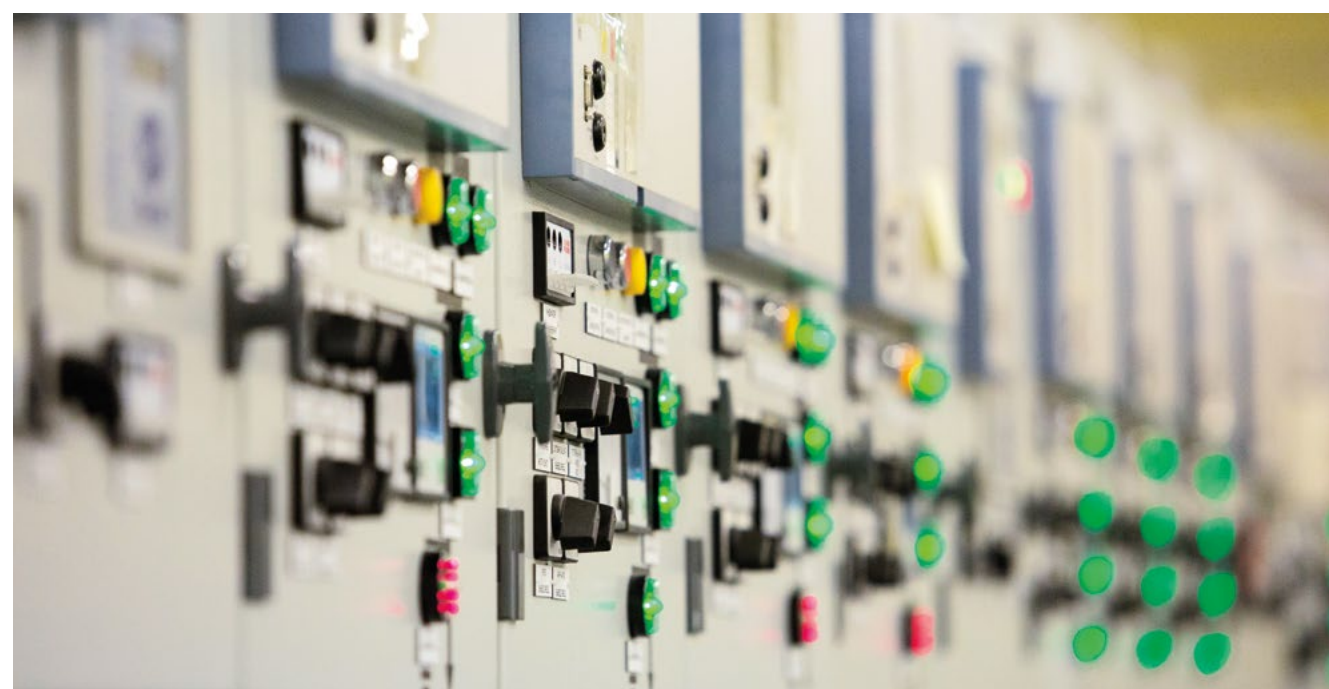
The Company continuously strives to increase its publicity and strengthen investor relations, keeping up with international best practices in information disclosure. At present, the Company makes disclosures on financial, operational and other aspects of its activities at a level and in a time frame comparable to that of public companies. In its communications with the investment community, TGC-1 adheres to the principle of providing fair, reliable and unambiguous information about its activities, complies with the modern information disclosure standards and aspires to achieve the highest level of information transparency. Important disclosures about the Company's activities are made in a timely manner in the form of press releases and major corporate announcements made via authorized information disclosure services in full compliance with the requirements of the Russian laws. On a regular basis, the Company discloses RAS and IFRS financial statements and presentations to investors.

Mechanisms for TGC-1 interaction with the investment community:

- conference calls for investors and the Company's management;
- regular meetings with investors and shareholders;
- participation in major conferences held by investment brokerage firms;
- field meetings at the Company's production facilities.

When preparing its annual reports, particularly for 2021, TGC-1 is guided by Regulations of the Central Bank of the Russian Federation No. 714-P of March 27, 2020 on Information Disclosure by Issuers of Equity Securities, Federal Laws No. 208-FZ "On Joint Stock Companies" and No. 39-FZ "On Securities Market".

In 2021, the interactive 2020 Annual Report of TGC-1 received the Gold Award at MarCom Awards-2021, a prestigious international contest for design projects in marketing, corporate communications and PR.



CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board of Directors and executive management carry out governance of the Company, following the recommendations and the principles laid down in the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2014, which fundamental precepts include protection of the rights of shareholders and investors, transparency and informational openness.

The documents regulating the corporate governance system are available on the Company's official website.

In 2021, the Company's management, same as before, continued its efforts to ensure protection of the rights and legitimate interests of shareholders and investors.

The following committees continued to operate under the Board of Directors in order to support the effectiveness of decision-making by the Board of Directors of TGC-1:

» **AUDIT COMMITTEE;**

» **HUMAN RESOURCES AND REMUNERATION COMMITTEE;**

» **BUDGET PLANNING AND INVESTMENT COMMITTEE;**

» **RELIABILITY AND EFFICIENCY COMMITTEE.**

For improving the business efficiency, the Board of Directors by its resolution approved the Regulations on the Committees which are kept current to any changes in the effective legislation and recommendations of the Corporate Governance Code.

The committees functioning under the Board of Directors include members of the Board of Directors and representatives of major shareholders. In 2021, the Committees under the Board of Directors of TGC-1 at their meetings discussed organizational, financial and economic issues included in the meeting agendas of the Board of Directors of TGC-1 and first presented for consideration to the members of the Committees under the Board of Directors.

TGC-1 remains firmly committed to developing, improving and bringing its corporate governance system in compliance with the Russian laws, recommendations of the Corporate Governance Code (Joint Stock companies whose securities have been admitted to organized trading were advised to comply with the Code by the Bank of Russia in its Letter No. 06-52/2463 of April 10, 2014), the Listing Rules of the Moscow Exchange, and the best Russian and international practices.

The most important of the activities performed for improving the Company's corporate governance practices is compliance with the recommendation of the Corporate Governance Code to have independent directors on the Board of Directors and its Committees starting from 2016. In 2021, the Company conducted regular reviews of directors' eligibility under the independence criteria established by the Listing Rules of the Moscow Exchange, and in addition this issue was considered by the Board of Directors of TGC-1.

The Company has adopted Regulations on Dividend Policy approved by the Company's Board of Directors on December 14, 2017.

On November 11, 2020, the Board of Directors of TGC-1 approved the Risk Management and Internal Control Policy, which defines the principles of and approaches to organizing the Company's risk management system consistent with recommendations of the Corporate Governance Code. The Risk Management and Internal Control Policy contributes to improving the Company's financial results by reducing losses caused by materialization of risks (by types of risk that are manageable).

More details on compliance of TGC-1 with the principles and recommendations of the Corporate Governance Code are provided in Appendix 4.

MEMORANDUM OF INTENT OF GAZPROM PJSC TOWARD ENTITIES UNDER ITS CONTROL: TGC-1, MOSENERGO, JSC “MIPC”, JSC “OGK 2”



The electric power industry is a strategically important area of Gazprom Group’s operations.

Over the past 10 years, within the structure of Gazprom PJSC, the largest vertically integrated electric power holding in Russia has been created, combining assets in the field of electric and heat power generation, transmission and sale, as well as assets in the related segments.



Electric power assets of Gazprom Group are consolidated in its fully-owned subsidiary, Gazprom Energoholding LLC, which owns controlling stakes in MOSENERGO, TGC-1 and JSC “MIPC”, a unified heat supplying company of Moscow. The controlling stake of JSC “OGK 2” belongs to Centerenergoholding, a subsidiary of Gazprom Energoholding LLC.



MOSENERGO, TGC-1, JSC “OGK 2” and JSC “MIPC” are an integral part of the Gazprom Group’s business, the disposal of these assets is not planned.



Gazprom PJSC views **progressive development of these companies, ensuring stable improvement of their financial performance and maintaining high reliability of energy supplies to consumers** as the top priority in the electric power sector.



Gazprom PJSC manages the companies in compliance with common corporate standards, recognizes the importance of improving corporate governance in the controlled entities and strives to ensure openness and transparency of their operations.

MANAGEMENT AND SUPERVISORY BODIES

GENERAL MEETING OF SHAREHOLDERS

The supreme management body of the Company is the General Meeting of Shareholders. The scope of competence of the General Meeting of Shareholders is defined in Article 15 of TGC-1 Charter and Article 48 of Federal Law No. 208-FZ “On Joint Stock Companies”.

The procedures for convocation, preparation, conducting, and summarizing results of the General Meeting of Shareholders are set forth in the Regulations on the General Meeting of Shareholders of TGC-1 approved by the General Meeting of Shareholders on June 22, 2020 (Minutes No. 1 of June 25, 2020).

Extraordinary General Meeting of Shareholders may be held based on resolution of the Board of Directors of TGC-1 upon its own discretion, upon initiative of the Company’s auditor or shareholder(s) holding at least 10% of the Company’s voting shares as of the date of convocation request. Items on agenda of the Extraordinary General Meeting of Shareholders shall be proposed by a meeting initiator.

On June 18, 2021, the Annual General Meeting of TGC-1 Shareholders was held, where the following documents were approved: The 2020 Annual Report of the Company, the 2020 Annual Accounting (Financial) Statements. Resolutions were passed, including on distribution of 2020 profits and payout of dividends, members of the Board of Directors were elected, and the Company’s auditor was approved. The resolution was passed to approve a new revision of the Company’s Charter and internal documents regulating activities of the Company’s bodies. The resolution was passed on payment of remunerations and compensations to members of the Board of Directors of the Company.

No Extraordinary General Meetings of Shareholders were held in 2021.

BOARD OF DIRECTORS

The scope of competence of the Board of Directors is defined in the Company’s Charter, Article 20, Clause 20.1, and Article 65 of Federal Law No. 208-FZ “On Joint Stock Companies”.

The rules of procedure for activities and meetings of the Company’s Board of Directors are laid down in the Regulations on the Board of Directors of TGC-1, as approved by the Annual General Meeting of Shareholders on June 18, 2021 (Minutes No. 1 of June 21, 2021).

Pursuant to the above Regulations, the Board of Directors of TGC-1 is responsible for general management of the Company, control over execution of resolutions passed by the General Meeting of Shareholders, and protection of rights and legitimate interests of the Company’s shareholders under the laws of the Russian Federation.

The Board of Directors consists of 11 members. In 2021, the Board of Directors of TGC-1 held 15 meetings in absentia and had no meetings in presentia.

In 2021, the HR and Remuneration Committee under the Board of Directors of TGC-1 reviewed eligibility of candidates to the Board of Directors of TGC-1 in terms of their professional qualifications, experience, business skills and independence criteria for election at the Annual General Meeting of Shareholders of TGC-1. Following the review, the Committee issued recommendations to TGC-1 shareholders with respect to voting on the election of candidates to the Board of Directors of TGC-1 (Minutes No. 7 of May 26, 2021). Information on this matter was provided to shareholders in the materials for the Annual General Meeting of Shareholders.

Report on Activities of the Board of Directors

IN 2021, THE BOARD OF DIRECTORS AT ITS MEETINGS REVIEWED 87 MATTERS, INCLUDING THE FOLLOWING:

- ✓

determining priority lines of business of TGC-1;
- ✓

identifying priority investment projects of TGC-1;
- ✓

approving the Investment Program and the Report on Implementation of the Investment Program of TGC-1;
- ✓

approving the Business Plan and the Report on Results of the Business Plan of TGC-1;
- ✓

determining standpoint of representatives of TGC-1 regarding items on agenda of the meetings of the Board of Directors of entities in which TGC-1 participates;
- ✓

issuing a consent to enter into transactions and a subsequent approval for the interested-party transactions of TGC-1;
- ✓

preliminary review of a new revision of TGC-1 Charter;
- ✓

convening the Company's Annual General Meeting of Shareholders and other matters related to preparation and holding of the Company's General Meeting of Shareholders;
- ✓

determining the Company's Procurement Policy;
- ✓

approving a new revision of the Regulations on Procurement of Goods, Works and Services by TGC-1;
- ✓

approving a new revision of the Corporate Code of Conduct of TGC-1.

In 2021, the issues submitted for resolution to the Board of Directors were first considered by its Committees responsible for respective areas: the Audit Committee, the Human Resources and Remuneration Committee, the Budget Planning and Investment Committee, and the Reliability and Efficiency Committee.

No information was received on any conflicts of interest among members of the Board of Directors of TGC-1, including related to members of the Board of Directors of TGC-1 serving on management bodies of TGC-1 competitors.

TGC-1 has not issued any loans (credits) to the members of the Company's Board of Directors.

In 2021, no transactions with shares of TGC-1 were made by the members of the Board of Directors.

During the reporting year, no claims were filed against any members of the Board of Directors related to their service on the Board of Directors.

In accordance with TGC-1 Charter and the Regulations on the Procedure for Determining Remuneration and Compensation for Members of the Board of Directors of TGC-1 approved by the Annual General Meeting of Shareholders on June 10, 2019 (Minutes No. 1 of June 10, 2019), the members of the Board of Directors may receive remuneration and compensation for expenses related to performance of their duties. Remuneration to the members of the Board of Directors consists of the basic and variable parts.

The basic part of remuneration is payable to members of the Company's Board of Directors for participation in meetings

of the Board of Directors. For participation in meetings of the Board of Directors, a member of the Company's Board of Directors shall receive a remuneration in the amount equivalent to four (4) minimum monthly wage rates of a first-category worker established by the Sectoral Wage Rate Agreement in the Electric Power Industry of the Russian Federation as of the date of the meeting of the Company's Board of Directors, subject to indexation stipulated in the wage rate agreement. The payment is made on a quarterly basis based on the results of the meetings of the Board of Directors held during the quarter, no later than one (1) month after the end of the quarter.

The amount of remuneration payable in accordance with the Regulations to the Chairman of the Board of Directors (Deputy Chairman of the Board of Directors or other person who chaired a meeting of the Board of Directors) for each meeting where this person performed functions of the Chairman of the Board of Directors shall be increased by 50%.

The variable part of remuneration is payable to the members of the Company's Board of Directors based on the results of the fiscal year, provided that the Company has made a net profit. The decision to pay a variable part of remuneration to the members of the Board of Directors shall be made by the General Meeting of Shareholders of the Company. The resolution of the General Meeting of Shareholders on payment of the variable part of remuneration to the members of the Board of Directors shall specify its total amount. The total size of the variable part of remuneration based on the Company's operational results may not exceed five percent (5%) of the Company's net profit for the fiscal year in which such composition of the Board of Directors was elected.

The variable part of remuneration shall be paid within one month after the date of the Company's General Meeting of Shareholders which passed a resolution to make such a payment.

A total amount of the variable part of remuneration based on the Company's operational results is distributed among the members of the Board of Directors in equal shares, except for cases stipulated in the Regulations.

A variable part of the remuneration based on the Company's operational results is not payable to those members of the Board of Directors who participated in less than half of the meetings of the Board of Directors (from the time of their election until termination of their service).

If the Company makes no net profit, the members of the Board of Directors will not be entitled to the variable remuneration.

Members of the Board of Directors shall receive compensation for expenses incurred though exercise of their powers. Compensation for expenses is paid to the

members of the Board of Directors subject to submission of a documental proof of the incurred expenses. Documental proof of the incurred expenses shall be submitted to the Company's Accounting Department.

Members of the Company's Board of Directors are not entitled to any other remunerations and/or compensations for their expenses, except for those specified in the Regulations.

Payment of remuneration and/or compensation for expenses is made by the Company as a bank transfer to the personal account of a member of the Board of Directors or via the Company's cash desk.

Information on remunerations and/or compensations for expenses paid to the members of the Board of Directors shall be disclosed by the Company in cases when so required by the laws of the Russian Federation.

No remuneration will be paid to the members of the Board of Directors against whom a prohibition to receive payments from commercial entities is imposed by the laws of the Russian Federation.

Information on the size of remuneration to the members of the Board of Directors, RUB thousand*

Indicator	2020	2021
Remuneration for participation in the management body activities	24,686	24,477
Salaries	9,662	12,522
Bonuses	6,718	10,124
Commission fees	0	0
Other remunerations	0	0
TOTAL	41,066	47,123

* The remunerations to management bodies are net of personal income tax and do not include the amount of insurance premiums.

TGC-1 elected a Corporate Secretary (Minutes No. 3 of October 03, 2016) and adopted the Regulations on Corporate Secretary approved by the Board of Directors (Minutes No. 8 of December 30, 2016).

The Corporate Secretary performs the following functions:

- Overseeing the Company's relations with regulatory authorities, trade organizers, registrar, and other professional participants of securities market within the scope of authority assigned to the Corporate Secretary;
- Immediately informing the Board of Directors of all identified violations of laws and Company's internal documents, which compliance supervision falls within the Corporate Secretary's functions;
- Coordinating the Company's activities to protect the rights and interests of shareholders;

- Organizational support to the activities of the Company's General Meeting of Shareholders, Board of Directors, and Board Committees (unless another person has been appointed by the appropriate Board Committee to serve as its Secretary).

The Corporate Secretary has no conflicts of interest (including those related to participation in the management bodies of the Company's competitors).

TGC-1 did not issue any loans (credits) to the Company's Corporate Secretary during 2021.

The Corporate Secretary made no transactions with shares of TGC-1 during 2021.

No claims were filed against the Corporate Secretary in connection with performance of their functions in the reporting year.

COMMITTEES UNDER THE BOARD OF DIRECTORS

The purpose of the committees is to ensure the effectiveness of the Board of Directors in resolving issues falling within its competence. At present, the Board of Directors of TGC-1 has four committees: Audit Committee, Budget Planning and Investment Committee, Human Resources and Remuneration Committee, Reliability and Efficiency Committee.

AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS

PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee of the Board of Directors of TGC-1 (hereinafter, the Committee) is to ensure the effectiveness of the Board of Directors in resolving issues falling within its competence.

The Committee's activities are governed by the Regulations on the Audit Committee under the Board of Directors of TGC-1 (approved by the Board of Directors of TGC-1, Minutes No. 13 of May 13, 2021). In its activities, the Committee is also guided by federal laws, other regulations of the Russian Federation, the Company's Charter, the Regulations on the Board of Directors of the Company, and resolutions of the Board of Directors of the Company.

Most Committee's members were independent directors of the Company (recognized by the Company's Board of Directors as independent directors, Minutes No. 18 of August 04, 2021), in accordance with the Listing Rules of the Moscow Exchange approved by the Supervisory Board of the Moscow Exchange, Minutes No. 24 of April 23, 2021.

In 2021, seven meetings of the Audit Committee under the Board of Directors of TGC-1 were held. All meetings were held in absentia.

The Committee assisted the Board of Directors in its functions for effective exercising of control over the Company's financial and economic activities.

THE MOST IMPORTANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE REPORTING PERIOD WERE AS FOLLOWS:

1. On preliminary consideration of the issue falling within the competence of the Company's Board of Directors: "On recommendations to the General Meeting of Shareholders of TGC-1 on approving 2020 annual accounting (financial) statements of TGC-1".
2. On preliminary consideration of the issue falling within the competence of the Company's Board of Directors: "On recommendations to the General Meeting of Shareholders of TGC-1 on the issue related to approval of a candidate for the Company's auditor".
3. On assessing the auditor's report on the Company's 2020 accounting (financial) statements prepared under the Russian Accounting Standards and the Company's 2020 consolidated financial statements prepared under the International Financial Reporting Standards, and the quality of the auditor's services.
4. On assessing the auditor of the Company for independence, fairness and absence the conflict of interest.
5. On preliminary consideration of the issue falling within the competence of the Company's Board of Directors: On functioning of the Risk Management and Internal Control System of TGC-1 in 2020.
6. On preliminary consideration of the issue falling within the competence of the Company's Board of Directors: "On review of the assessment results of the Company's Risk Management and Internal Control System".
7. On consideration of a schedule for external audit of the Company's 2021 annual accounting (financial) statements and its 2021 consolidated financial statements prepared under International Financial Reporting Standards.
8. On preliminary consideration of the issue falling within the competence of the Board of Directors: "On approving the documents setting forth the procedure and period for disclosing insider information about the Company, Internal Control rules for preventing, revealing and halting any misuse of insider information and/or market manipulation, including determination of conditions for transactions with financial instruments".

BUDGET PLANNING AND INVESTMENT COMMITTEE UNDER THE BOARD OF DIRECTORS

ROLE OF THE COMMITTEE

The role of the Committee is to develop and submit recommendations (opinions) to the Board of Directors of the Company and the executive body of the Company on the following fields of activity of the Board of Directors:

- Determining the priority areas, strategic goals and basic principles of the Company's strategic development, evaluating the Company's mid-term and long-term performance, and approving the Company's Strategy;
- Consideration and approval of scenarios for the Company's mid- and long-term development;
- Analyzing the implementation of adopted programs and projects for strategic development of the Company;
- Making adjustments to the Company's Development Strategy;
- Establishing key performance indicators (KPIs) for further approval by the Board of Directors;
- Reviewing the quarterly report of the General Director of the Company on implementation of the Company's Strategy;
- Exercising control over achievement by the Company of strategic goals and key performance indicators (KPIs) approved by the Board of Directors;
- Defining and improving the Company's business planning and budgeting policy;
- Financial planning, defining credit and dividend policies of the Company;
- Reviewing the issues of raising borrowed funds, including the issuance of bonds and other debt securities;
- Exercising control over implementation of the approved Business Plan and budget of the Company;
- Evaluating effectiveness of the Company's business;
- Strengthening the Company's investment appeal, improving its investment activities and making well-informed investment decisions;
- Assistance to the Company's management, evaluating proposals on attracting investors into the industry and developing recommendations on sustaining a balance between interests of the Company and the investors in investment processes of the Company and its branches;
- Organizing timely and qualitative expertise of investment projects and programs submitted for consideration to the Company's Board of Directors;
- Reviewing the essential terms and conditions of investment projects;
- Preparing and submitting recommendations to the Company's Board of Directors on matters referred to the Committee's competence.

In 2021, the Budget Planning and Investment Committee under the Board of Directors of TGC-1 held 11 meetings.

THE MOST IMPORTANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE REPORTING PERIOD WERE AS FOLLOWS:

1. On determining the Company's Procurement Policy.
2. On approving the Company's Business Plan.
3. On approving the Company's Investment Program.
4. On approving reports on implementation results of the Company's Business Plan.
5. On approving reports on implementation of the Company's Investment Program.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

PURPOSE OF THE COMMITTEE

The purpose of the Human Resources and Remuneration Committee under the Board of Directors of TGC-1 (the Committee) is to ensure effectiveness of the Board of Directors in resolving issues falling within its competence.

ROLE OF THE COMMITTEE

The role of the Committee is, among other things, to develop and submit recommendations (opinions) to the Board of Directors in the field of human resources and social and employment policy of the Company.

The Committee’s activities are governed by the Regulations on the HR and Remuneration Committee under the Board of Directors of TGC-1 (approved by the Board of Directors of TGC-1, Minutes No. 20 of October 04, 2021).

Most Committee’s members were independent directors of the Company (recognized by the Company’s Board of Directors as independent directors, Minutes No. 18 of August 04, 2021), in accordance with the Listing Rules of the Moscow Exchange approved by the Supervisory Board of the Moscow Exchange, Minutes No. 24 of April 23, 2021.

In 2021, the HR and Remuneration Committee under the Board of Directors of TGC-1 held 7 meetings. The Committee meetings were held at least once a quarter during the reporting period, which is in line with the recommendations of the Bank of Russia. All meetings were held in absentia.

The Committee assisted the Board of Directors in its functions for effective exercising of control over the Company’s activities in the field of HR and social and employment policies.

THE MOST IMPORTANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE REPORTING PERIOD WERE AS FOLLOWS:

1. On recommendations to the General Meeting of Shareholders of TGC-1 on the size of remuneration and compensation payable to members of the Company’s Board of Directors.

2. On recommendations to the General Meeting of Shareholders of TGC-1 regarding voting to elect candidates to the TGC-1 Board of Directors.

3. On preliminary consideration of the issue falling within the competence of the Board of Directors of TGC-1: “On nomination by the Company of candidates to be elected to the management and control bodies of entities in which the Company participates”.

4. On preliminary consideration of the issue falling within the competence of the Company’s Board of Directors: “On approving the report of Gazprom Energoholding LLC on provision of services under the contract for assignment of powers of the sole executive body of TGC-1”.

RELIABILITY AND EFFICIENCY COMMITTEE UNDER THE BOARD OF DIRECTORS

ROLE OF THE COMMITTEE

The role of the Committee is to develop and submit recommendations (opinions) to the Board of Directors of the Company and the executive body of the Company on the following fields of activity of the Board of Directors:

- Review of goals, priority lines of activity and basic principles of the Company’s strategic development (the Company’s Development Strategy) in the part relating to reinforcing technological reliability, safety and efficiency of production;

• Review (expertise) of programs for retooling and reconstruction, maintenance and repair, energy saving and energy efficiency improvement, strengthening technological reliability and other production programs in terms of compliance with the requirements to integral technological reliability, safety and efficiency of production;

• Assessment of completeness and sufficiency of measures developed based on investigations into the causes of accidents (technological failures, including incidents, accidents, fires, man-caused emergencies, fuel supply failures), and control over their implementation;

• Review of the Company’s technical and environmental policies;

• Evaluating performance of the Company’s management in terms of assuring compliance with the requirements of integral technological reliability, safety, and production efficiency;

- Improving the system of key performance indicators assessing production safety and reliability, developing recommendations on approval of targets, reviewing reports on their fulfillment;

• Developing the Company’s standards in terms of planning, execution, and reporting by lines of production activity;

• Examining proposals for restructuring the Company’s management system;

• Other issues relating to the above matters (excluding the matters referred to the remit of other Committees under the Board of Directors of the Company).

In 2021, the Reliability and Efficiency Committee under the Board of Directors of TGC-1 held 3 meetings.

THE MOST IMPORTANT ISSUES CONSIDERED BY THE COMMITTEE DURING THE REPORTING PERIOD WERE AS FOLLOWS:

1. On implementation of the Company’s overall repair program for 2020 and for 9 months of 2021.

2. On completion of the Company’s Investment Program for 2020 and for 9 months of 2021.

3. Analysis of accident rate and economic losses sustained in 2020 and 9 months of 2021.

4. On occupational accidents in 2020 and 9 months of 2021.

5. On undersupply of capacity in 2020 and 9 months of 2021.

6. On implementation of R&D Program in 2020

MANAGEMENT BOARD, GENERAL DIRECTOR, MANAGING COMPANY

The General Director is the sole executive body of the Company and has the authority to decide on daily operations in accordance with Article 26 of the Charter of TGC-1. Pursuant to provisions of the Charter, Article 15, Clause 15.1, Sub-clause 19, and Federal Law No. 208-FZ “On Joint Stock Companies”, Article 69, Clause 1, the powers of the sole executive body can be assigned to a managing company under a contract.

By resolution of the Extraordinary General Meeting of Shareholders of TGC-1, held on 27.09.2019, the powers of the General Director of TGC-1 have been assigned to the Managing Company starting from September 30, 2019.

Remuneration Payable to the Management Company, RUB thousand, VAT included

Indicator	2020	2021
Remuneration for participation in the management body activities	93,600.00	116,400.00
Salaries	-	-
Bonuses	-	-
Commission fees	-	-
Benefits	-	-
Other remunerations	-	-
TOTAL	93,600.00	116,400.00

Company’s Management Board

By resolution of the Board of Directors of TGC-1 of September 17, 2019 (Minutes No. 9 of September 18, 2019), the powers of the current members of the Management Board were prematurely terminated on September 29, 2019. Presently, the new Management Board has not been yet formed.

Pursuant to Clause 27.5 of the Charter of TGC-1, if the Company’s Management Board has not been formed, the provisions of the Charter on the Management Board shall not apply. The effect of the Regulations on the Management Board of TGC-1 was terminated by resolution of the Annual General Meeting of Shareholders on June 22, 2020 (Minutes No. 1 of June 22, 2020).

AUDIT COMMISSION

Pursuant to clause 1 of Article 85 of Federal Law No. 208-FZ “On Joint Stock Companies”, it is not an obligatory requirement to establish an Audit Commission within the Company, unless the Company’s Charter requires its establishment. The current Charter of TGC-1 (approved by resolution of the Annual General Meeting of Shareholders on June 22, 2020) does not contain any provisions regarding establishment of an Audit Commission.

Pursuant to the aforementioned resolution of the Annual General Meeting of Shareholders, the Regulations on Audit Commission of TGC-1 and the Regulations on Remuneration and Compensation Payable to Members of the Audit Commission of TGC-1 were terminated; the Audit Commission was not established.

INTERNAL AUDIT

An independent and fair assessment of the reliability and efficiency of internal control, risk management and corporate governance at TGC-1 is performed by the Internal Audit Service (hereinafter, IAS), which functionally reports to the Board of Directors of TGC-1 (through the Audit Committee under the Board of Directors) and administratively reports to the sole executive body of the Company.

As part of its activities, the IAS is guided by the Internal Audit Policy (approved by the Board of Directors on September 30, 2016, Minutes No. 3 of October 03, 2016), the Regulations on the Internal Audit Service (approved by the Board of Directors on September 30, 2016, Minutes No. 3 of September 30, 2016), and the requirements and recommendations of the applicable Russian laws.

The IAS operates in accordance with the annual plan of work subject to approval by the Board of Directors of TGC-1 after its preliminary review by the Audit Committee.

The main functions of the Internal Audit Service are as follows:

- Carrying out internal audits and other checks aimed at improving the efficiency of the Internal Control system;
- Developing recommendations based on the results of checks;
- Monitoring the implementation of measures developed based on the results of checks;
- Evaluating the efficiency of the internal control, risk management and corporate governance system;
- Developing proposals for improving the efficiency of the internal control, risk management and corporate governance system.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM OF THE COMPANY

Pursuant to Federal Law No. 208-FZ “On Joint Stock Companies”, Article 87.1, Clause 1, the Company has established a Risk Management and Internal Control system (hereinafter, the RM&IC System).

The Company’s RM&IC System is based on the recommendations of international professional organizations, international and Russian standards, methodological documents of Gazprom Group in the field of risk management and internal control (hereinafter, RMS&IC), and recommendations of the Bank of Russia on organizing risk management, internal control, internal audit, the work of the Board’s Audit Committee at public Joint Stock companies, and the principles of the Corporate Governance Code.

The RM&IC System is an integral part of corporate governance covering all levels of the Company management.

The Company has adopted the Risk Management and Internal Control Policy of TGC-1 (hereinafter, the RM&IC Policy) approved by the Company’s Board of Directors on November 11, 2020 (Minutes No. 5 of November 12, 2020) and entered in force by Order No. 280 of December 21, 2020.

The Company’s RM&IC Policy seeks to develop and improve the RM&IC System in order to strengthen its reliability and efficiency, to provide sufficient guarantees of achieving the goals and objectives pursued by the Company, and also determines the unified basic principles and approaches to organizing the RM&IC System, defines the components of the RM&IC System, its goals and objectives, and also determines the main roles of the system participants and distribution of powers between them.

The RM&IC Policy defines the goals and objectives of the RM&IC System:

GOALS OF THE RM&IC SYSTEM

- Ensuring sufficient confidence in achievement by the Company of its objectives;
- Ensuring proper control over the financial and economic activities of the Company.

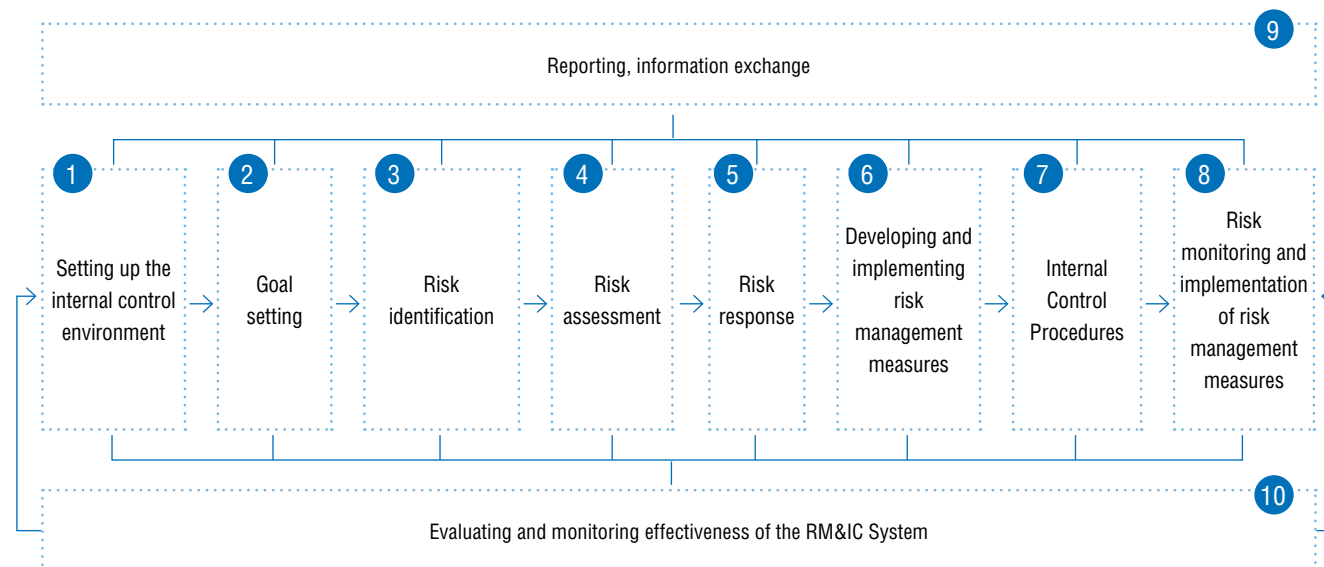
OBJECTIVES OF THE RM&IC SYSTEM

1. Supporting systematic risk identification and risk assessment processes;
2. Enabling effective risk management and enhancing the risk management processes;
3. Developing possible responses to risk and methods of risk monitoring;
4. Establishing maximum tolerable and threshold risk levels;
5. Systematizing and accumulating information about potential and materialized risks;
6. Developing Internal Control Procedures (ICPs) for timely response to risk;
7. Timely identifying deficiencies, deviations, and violations in the ICPs;
8. Developing a methodological basis for the RM&IC System;
9. Producing the Company’s regular and unified reporting on the RM&IC System.

The RM&IC System applies to all activities of the Company, covers all levels of management and areas of activity, and all risks facing the Company.

The Company's RM&IC Policy is an effective combination of measures intended to mitigate the risks which TGC-1 agrees to accept, and measures to respond to the key risks in a way that minimizes the negative impact of threats and maximizes the existing chances of achieving the pursued objectives.

RM&IC System components



The RM&IC Policy of the Company is available on its corporate website at:
<http://tgc1.ru/about/governance/bylaws/>

MAIN PARTICIPANTS IN THE COMPANY'S RM&IC SYSTEM

The Company adheres to the principles of organizing and running the RM&IC System as laid down in the RM&IC Policy that are critical for building the RM&IC System with participation of all levels of the Company's management and that ensure the maintenance and functioning of an effective RM&IC System.

The RM&IC Policy of TGC-1 defines the main participants in the RM&IC System and their powers:

BOARD OF DIRECTORS

- Approves the general policy on risk management and Internal Control (RM&IC), including underlying principles and approaches to designing, functioning and development of the system;
- Establishes the maximum tolerable and threshold risk levels;
- Reviews the issues related to organizing, functioning and efficiency of the RM&IC System, including the results of its assessment and self-assessment and, when necessary, gives recommendations on improvement of the system.

AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS

- Monitors the reliability and efficiency of the system operation;
- Makes preliminary reviews and provides recommendations to support the Board of Directors in decision-making on issues related to the RM&IC System.

SOLE EXECUTIVE BODY

- Ensures functioning of the RM&IC System;
- Reviews information on critical risks faced by the Company and risk management activities and, if necessary, makes recommendations for improving risk management and monitoring practices.

MANAGING DIRECTOR

- Ensures functioning of the RM&IC System;
- Reviews information on critical risks faced by the Company and risk management activities and, if necessary, makes recommendations for improving risk management and monitoring practices.

COLLEGIAL BODY

- Reviews and approves documents relating to the RM&IC System: annual reporting on functioning of the RM&IC System, maximum tolerable and threshold risk levels, stress testing limits and scenarios for each risk to which the Company may be exposed.

CENTER OF RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL (RM&IC CR)

- Develops and provides methodological support for implementation of the Company's unified Policy on RM&IC; coordinates the activities of structural units in the field of RM&IC; produces consolidated reports on risks and internal control results; defines methodological approaches to risk management processes and internal control procedures; develops proposals for establishing maximum tolerable risk levels, risk thresholds, stress testing limits and scenarios for each risk to which the Company may be exposed.

BUSINESS PROCESS OWNERS

- Ensure functioning of the RM&IC System within the frames of a business process.

RISK OWNERS (CO-OWNERS)

- Make decisions on issues related to the RM&IC System, monitor the reliability and performance of the RM&IC System within the scope of their competence;
- Monitor risk management measures and implementation of certain stages of a risk management cycle in the area of their responsibility.

OWNERS (CO-OWNERS) OF INTERNAL CONTROL PROCEDURES

- Ensure implementation, execution and continuous monitoring of the effectiveness of internal control procedures.

In accordance with the RM&IC Policy, the responsibility for addressing tasks and performing functions in the process of risk management and internal control is assigned to the Center of Responsibility for Risk Management and Internal Control (RM&IC CR). The RM&IC CR is the Risk Management and Internal Control Department.

The Risk Management and Internal Control Department is administratively subordinate to the Deputy Managing

Director for Economics and Finance, which makes it possible to structurally distinguish the activities of this unit from the activities of structural units that manage risks in their operational activities. Also, the activities of the Risk Management and Internal Control Department are functionally separate from the activities of internal audit and inspection subdivision, and the subdivision performing economic security functions.

KEY RISKS FACING THE COMPANY IN THE REPORTING PERIOD³

The effective functioning of the RM&IC System is a necessary condition for the achievement of strategic goals by TGC-1. The Company continues developing and improving its RM&IC System, which enables early identification and analysis of external and internal risks, and development of effective responses to minimize risks.

While recognizing that the Company's activities are exposed to uncertainties in the form of risks, the Company takes measures to manage risks in order to ensure sufficient guarantees of achieving the goals set for the Company by its management bodies. The RM&IC System applies to all activities of the Company, covers all levels of management and areas of activity, and all risks facing the Company.

The Company identifies risks associated with all significant aspects of its activities (business processes), consolidates the identified risks into the risk register and forms a risk passport for each risk identified within the Company. Based on the results of the reporting period, reports are generated on key risks and risk management measures and submitted for review to the Managing Director. The key risks included in the Risk Register of the Company were approved by Order of the Managing Director No. 215 of December 10, 2021.

The Company cannot guarantee that, as a result of the implementation of risk management measures, it will be able to completely eliminate the likelihood of risk occurrence, since some of the risks belong to the category of risks with a low level of manageability (weakly depends on the actions of management). The goal of TGC-1 is to keep the risk level within acceptable limits, develop and implement measures aimed at reducing the likelihood of risk occurrence and minimizing negative effects in the event of risk occurrence.

Also, the Company has identified insignificant risks, which

have a lesser impact on its operations in the course of its production activities.

The Company's Risk Management and Internal Control System includes identification, monitoring and management of risks to sustainable development, including natural and climatic risk associated with the effects of natural forces, including earthquakes, floods, storms and epidemics, on the Company's production and business operations. Climate change may affect the productivity, efficiency, and cost of electricity and heat generation. TGC-1 operates in four constituent entities of the Russian Federation (Saint Petersburg, Leningrad Oblast, Murmansk Oblast, and the Republic of Karelia), which are not exposed to high threat of natural disasters, have a stable climate, and are generally not prone to natural disasters. However, the consequences of possible accidents and disasters for power generating facilities may affect the Company and prevent it from delivering the undertaken obligations. Materialization probability of risk of natural disasters, possible transport interruptions, and other factors in the country and the region has been estimated by the Company as minimal. TGC-1 assesses natural and climatic risk as insignificant.

The Company's risk management is based on continuous monitoring of the external and internal environment, comprehensive analysis of threats and opportunities affecting achievement by the Company of its goals.

ASSESSMENT OF RELIABILITY AND EFFICIENCY OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN THE REPORTING PERIOD

In 2021, following the Methodological Recommendations for Conducting a Self-Assessment of the RM&IC System Efficiency, TGC-1 conducted a self-assessment of the RM&IC System efficiency in order to determine the areas for the RM&IC System development from the point of view of business processes. Based on the results of self-assessment of the RM&IC System efficiency in 2021, it was determined that generally the current level of development of the RM&IC System is sufficient for efficient operation of the system (assessment score is "Good") but requires further improvement.

The Internal Audit Service assessed the reliability and efficiency of the Risk Management and Internal Control System of TGC-1 in 2020. Based on the assessment results, the reliability and efficiency of the Risk Management and Internal Control System of TGC-1 was verified.

The results of reliability and efficiency assessment of the Risk Management and Internal Control System of the Company in 2020 were preliminary reviewed by the Audit Committee (Minutes No. 5 of April 26, 2021).

The TGC-1 internal audit report confirming the reliability and efficiency of the Risk Management and Internal Control System of TGC-1 was reviewed by the Board of Directors (Minutes No. 13 of May 14, 2021).

DEVELOPMENT OF THE COMPANY'S RM&IC SYSTEM

The Company makes continuous efforts to develop and improve the regulatory and methodological framework in the field of RM&IC, develop skills and knowledge of employees in the field of risk management, improve the organizational design of the RM&IC System, implement different stages of a risk management process in order to ensure the efficiency of the RM&IC System, which has a favorable impact on the Company's activities and the investment appeal of its securities.

In 2021, for developing and improving the RM&IC System at TGC-1 the following measures were taken:

- Local regulatory documents for the RM&IC System of TGC-1 were approved by Order No. 221 of 24.12.2021, defining the approaches and methods for efficient organization of the RM&IC System in order to achieve the pursued goals and improve the efficiency of the Company's operations:
 - Assessment methodology for expected credit losses of TGC-1 Group;
 - Methodological recommendations on self-assessment of the efficiency of the RM&IC System at TGC-1;
 - The list of Key Risk Indicators of TGC-1 and their thresholds.

- The drafts of the below regulatory documents were elaborated for the RM&IC System:
 - Methodology of Reporting in the Risk Management and Internal Control System;
 - Regulations on Interactions between Participants of the Risk Management System;
 - Methodological Recommendations on Determining a Tolerable Risk Level.
- Regulations on risk management and internal control in the field of taxation were introduced in accordance with the Order of the Federal Tax Service of Russia No. ED-7-23/518@ of 25.05.2021 "On Approving the Requirements for Organizing the Internal Control System", based on the Company's RM&IC Policy and other internal regulations applying to the RM&IC System, as part of TGC-1 transition to tax surveillance in the form of horizontal monitoring.
- The RM&IC System was integrated with the systems used in the Company:
 - Quality Management System;
 - Energy Management System.

MAJOR LAWSUITS

In 2021, there were no major lawsuits involving TGC-1 which could have affected the operations or financial standing of the Company.

³ Key risks are risks that combine critical and significant risks.

More details on key risks can be found in the Key Risks section of The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

ANTICORRUPTION POLICY OF TGC-1

In accordance with the requirements of Article 13.3. of Federal Law No. 273-FZ of 25.12.2008 “On Counteracting Corruption”, the Company has developed and is implementing the following combination of measures to prevent corruption (reduce the level of corruption risks):



BY RESOLUTION OF THE BOARD OF DIRECTORS OF TGC-1

of 17.09.2019, the Corporate Code of Conduct was approved (its new revision was approved by the Board of Directors on 04.10.2021, Minutes No. 20), its observance and implementation of measures to combat corruption and fraud, and settle conflicts of interest are kept under supervision.



THE MANAGEMENT OF TGC-1 TOOK MEASURES

to comply with the new requirements of the Corporate Code of Conduct: a Corporate Conduct Commission was set up, a designated email address (kodeks-info@tgc1.ru) and a hotline (telephone number (812) 688-33-68) were established for receiving information about actions of the Company employees that show signs of corruption and other violations of corporate ethics principles, training was organized for Company employees to familiarize them with the Corporate Code of Conduct.



THE COMPANY MAKES CONTINUOUS EFFORTS

to prevent corruption and other offenses among its employees.



THE COMPANY REQUIRES

that legal entities participating in procurement procedures disclose information on the chain of ownership, including beneficiaries (and ultimate beneficiaries), as well as the composition of their executive bodies. This makes it possible to identify and manage potential conflicts of interest, including elimination of relationships between the beneficiaries (executives) of a potential counterparty legal entity and the Company's employees with high corruption risk. The Company's employees shall avoid conflicts of interest (a situation in which a personal direct or indirect interest of a Company's employee affects or may affect the proper (fair and impartial) performance of their job duties and observance of the Company's interests in general). The procedure for preparing and making a decision on concluding an employment contract with an individual also implies a check to ensure absence of the conflicts of interest.



THE COMPANY'S INTERNAL AUDIT SERVICE IS ASSIGNED A TASK

of verifying that the Company's employees comply with the laws and the Company's internal policies relating to anti-corruption.

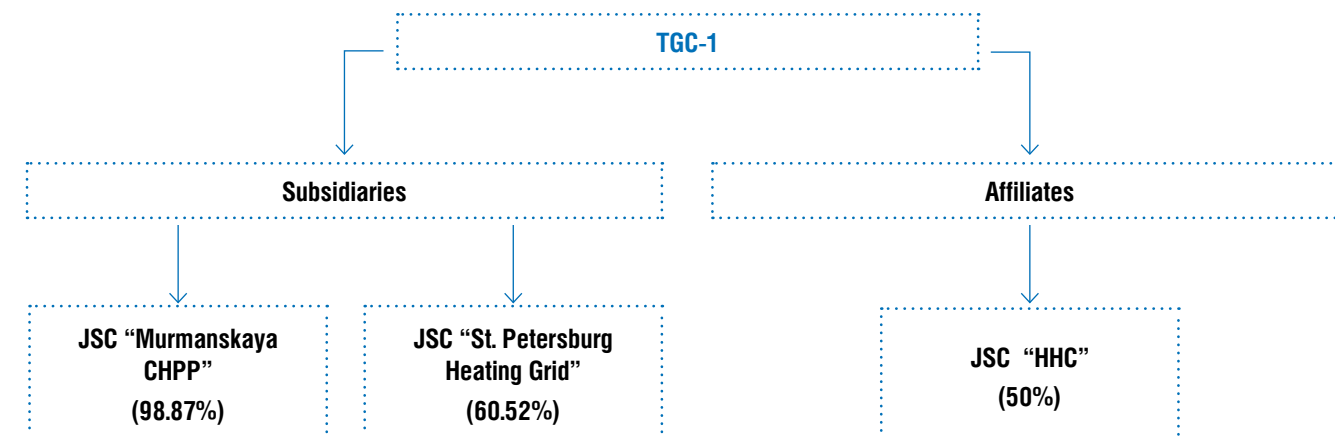


THE COMPANY'S ONGOING INTERACTIONS WITH THE LAW ENFORCEMENT AUTHORITIES

are carried out by the departments within the Corporate Protection Division functioning in the Company's Head Office, Karelsky and Kolsky Branches, as well as in the subsidiaries of TGC-1.

SUBSIDIARIES AND AFFILIATES OF TGC-1

Subsidiaries and affiliates of TGC-1



PRINCIPLES OF SUBSIDIARIES AND AFFILIATES MANAGEMENT

The Company organizes the corporate governance of its subsidiaries and affiliates (S&As) based on the following principles:

- Compliance with the applicable laws of the Russian Federation, provisions of the Charter and internal documents of the Company and S&As in the process of corporate governance of S&As;
- Consistency of S&As corporate governance with the development strategy of the Company and S&As;
- Corporate governance of S&As based on timely, complete and reliable information;
- Observance of the decisions made by the management bodies of the Company in corporate governance of S&As;
- Ensuring participation of the Company's shareholders in defining its stance on the most important issues falling within the competence of the management and control bodies of S&As (defining the stance by the Company's Board of Directors);
- Publicity and transparency of corporate governance of S&As.

SUBSIDIARIES AND AFFILIATES

JSC “MURMANSKAYA CHPP”

Registered on: 01.05.2005

Primary State Registration Number (OGRN): 1055100064524

Registration address: 14 Shmidta St., Murmansk, 183038, Russia.

Major shareholders: TGC-1 – 98.87% of the authorized capital, ordinary shares – 99.60%

Purpose of incorporation: to supply heat energy to consumers in Murmansk, as well as populated localities in the Kolsky District of the Murmansk Oblast.

Principal activity – production, transmission and distribution of steam and hot water. JSC “Murmanskaya CHPP” is a monopolist in the heat sales market in its area of operation and one of the main sources of heat supply (about 72% of the heat load) in Murmansk. Payments for about 90% of heat consumed by utility service providers (managing companies, associations of homeowners, housing associations) under the heat supply contracts with JSC “Murmanskaya CHPP” are made under direct payment arrangements. The program of direct payment arrangements is supported by the Government of the Murmansk Oblast and the Administration of Murmansk.

The installed heat and electrical capacity of JSC “Murmanskaya CHPP” is 1,137 Gcal/h and 12 MW, respectively. The equipment includes 13 steam and 11 hot water boilers, 2 turbine generators, and 53.5 km of the main heating grids in Murmansk.

JSC “ST. PETERSBURG HEATING GRID”

Registered on: 01.02.2010

Primary State Registration Number (OGRN): 1107847010941

Registration address: 73 Basseinaya St., bld. 2, lit. A, Saint Petersburg, 196211, Russian Federation.

Major shareholders: TGC-1 – **60.52%**; TEC SPb SUE – **21.46%**; Saint Petersburg city – **18.02%**

The Company’s shareholding in the authorized capital of JSC “St. Petersburg Heating Grid” decreased from 65.58% to 60.52% in 2021 due to an increase in the authorized capital by RUB 2.5 bln and placement of all additional shares for Saint Petersburg city.

Purpose of incorporation: to raise reliability and quality of hot water supplies to residents of Saint Petersburg through the unified management of heating grids in the heat supply zones covered by CHPPs of TGC-1.

Principal activity – transmission of steam and hot water (heat energy) within the heat supply zones covered by CHPPs of TGC-1.

Geographically, the company’s heating grids cover 11 administrative districts of Saint Petersburg and the Vsevolozhsky District of the Leningrad Oblast and transmit more than 45% of the total heat consumed by the city. Over 2.5 mln citizens live in the Company’s area of coverage.

JSC “HHC”

Registered on: 26.04.2007

Primary State Registration Number (OGRN): 1075101000215

Registration address: 28a Khibinogorskaya St., Kirovsk, Murmansk Oblast, 184250

The company was established as part of the agreement on the main principles of implementation and the mechanism for cooperation during reformation of the heat supply system in the Apatity-Kirovsk area, concluded on May 26, 2006 between the government of the Murmansk Oblast, RAO UES of Russia, TGC-1, Apatitskaya CHPP, PhosAgro, and Apatit.

Major shareholders: TGC-1 – **50%**; Apatit JSC – **50%**.

Purpose of incorporation: to act as a customer during implementation of the investment project “Reconstruction of Apatitskaya CHPP and Construction of the Heating Main to Kirovsk with Installation of Central Heating Station”, commissioning of the heating main and its operation.

Principal activity – production, transmission and distribution of steam and hot water (heat energy).

The promising line of activities of JSC “HHC” is expansion of the heat supply area through the investment project on construction of a heating grid from the CHS of Kirovsk to the cluster of consumers located at the industrial site of the Transport Department of Apatit JSC and in Titan settlement.

TRANSACTIONS OF THE COMPANY

The Company complies with the requirements established by the legislation of the Russian Federation to the procedure for effecting major and related-party transactions.

Information on major transactions

in 2021, the Company did not enter into any transactions recognized under Federal Law No. 208-FZ “On Joint Stock Companies” as major transactions or any other transactions that are subject to the major transaction approval procedure pursuant to the Charter of TGC-1.

Information on related-party transactions

information on related-party transactions closed by the Company in 2021 is provided in Appendix 5 to this Annual Report.



SUSTAINABLE DEVELOPMENT



KEY PRINCIPLES AND OBJECTIVES OF THE HUMAN RESOURCE POLICY^{4,5}

The HR Management Policy extending to all staff of TGC-1 under the management of Gazprom Energoholding LLC is chimed with the strategic goal of Gazprom PJSC to become a leader among the global energy companies.

The main purpose of the Company's HR Policy is to cultivate and sustain an image of "the preferred employer" in the eyes of people who are ready and able to bring the maximum benefit to it.

The Human Resource Management Policy extending to staff of Gazprom PJSC, its subsidiaries and entities (approved by Resolution No. 49 of November 07, 2006 of Gazprom PJSC Management Board) is a fundamental document in the field of human resource management. Internal documents of TGC-1 have been developed with reliance on this document and the requirements of the Russian laws.

The purpose of the Human Resource Management Policy is to create an organizationally efficient company with a transparent corporate governance system providing ample opportunities for the employees to reach their full potential.

KEY PRINCIPLES OF THE HR POLICY:



"EFFICIENCY OF INVESTMENT"

This principle involves building a system of incentives for employees to achieve the goals set forth in the business strategy with transparent mechanisms for evaluating and rewarding for the achievement of results.



"TRANSPARENCY AND OPENNESS"

This principle implies building a career planning system, where the necessary condition and the only guarantee of career advancement is professionalism, consistently high performance and demonstration of commitment to the values of the Company.



"INDUSTRY LEADERSHIP"

This principle implies that the Company is recognizing that achievement of the goal set in the field of HR management requires significant investment both in human resources and in the development of HR management services, as well as improvement of IT support for managers.



"CONTINUOUS IMPROVEMENT"

This principle implies continuous planning of HR management processes based on a system of regular assessment of the quality of human resources and the quality of management.



"ORGANIZATIONAL ORDER"

This principle implies ensuring uniform approaches to the architecture of HR management processes, with due regard for the regional specifics.

⁴ For more details on The 2021 Sustainability Report of TGC-1, please refer to the Company's website at: <https://www.tgc1.ru/ir/reports/>

⁵ For more details on the HR Policy, please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

HEADCOUNT AND STAFF STRUCTURE⁶

As of December 31, 2021, the total headcount of TGC-1 was 6,578 employees.

Over the past year, the Company's headcount decreased by 129 employees (-1.9%). The decrease in the Company's staff numbers was caused by a shortage of qualified personnel in the labor market and the difficulties with recruiting workers of lower grades/categories with low pay (machine operators of all trades, unit operators, fitters, engineers, technicians).

6,578
employees

the total headcount of TGC-1
as of December 31, 2021

Dynamics of TGC-1 headcount in 2021

Branch	Headcount, persons		Change	
	As of 31.12.2020	As of 31.12.2021	Abs., persons	Rel., %
Head Office of TGC-1	352	348	-4	- 1.1%
Nevsky Branch	3,891	3,840	-51	- 1.3%
Karelsky Branch	1,019	992	-27	- 2.6%
Kolsky Branch	1,445	1,398	-47	- 3.3%
TGC-1	6,707	6,578	-129	- 1.9%

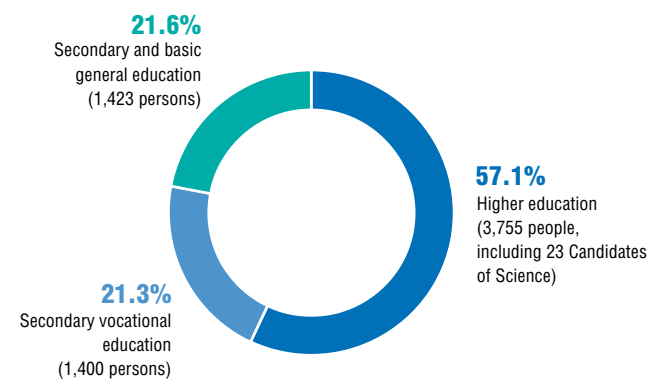


⁶ For more details on the HR Policy, please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

EDUCATIONAL LEVEL OF TGC-1 WORKFORCE

57.1% of employees of TGC-1 have higher education (+1.2% vs 2020), 21.3% have secondary vocational education (-0.5% vs 2020), and 21.6% have secondary and basic general education (-0.7% vs 2020). The increase in the number of employees with higher professional education indicates an increase in the overall qualification level of the Company's employees.

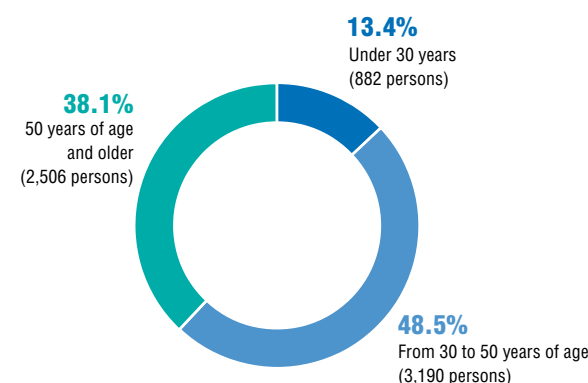
Educational Level of TGC-1 Workforce as of 31.12.2021



AGE STRUCTURE OF TGC-1 WORKFORCE

The Company's workforce consists of 13.4% employees under the age of 30 years, 48.5% of employees between 30 and 50 years of age, and 38.1% of employees of 50 years of age and older. The average age of the Company's employees is 45 years.

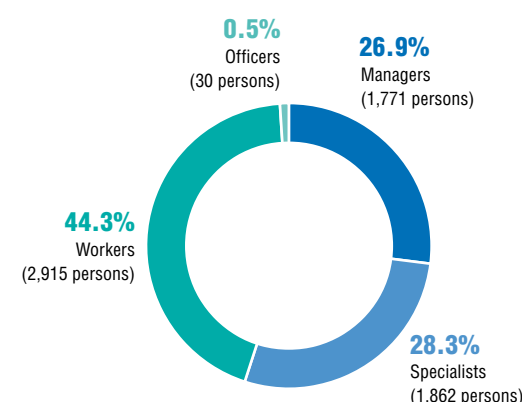
Age structure of TGC-1 workforce



STRUCTURE OF TGC-1 WORKFORCE BY CATEGORIES

Most of the TGC-1 employees are workers (44.3%), the managers and specialists are approximately the same in number (26.9% and 28.3%, respectively), and the number of officers is insignificant (0.5%).

Structure of TGC-1 workforce by categories



EMPLOYEE DEVELOPMENT SYSTEM⁷

DYNAMICS OF AVERAGE SALARY IN 2020-2021

The average salary of employees in 2021 was RUB 77,243.

Dynamics of average salary of employees of TGC-1

Managers, specialists, officers	Workers	Total
2021 94,035	2021 57,188	2021 77,243
2020 91,050	2020 55,412	2020 74,483

In 2021, the average salary of TGC-1 employees increased by 3.7% compared to 2020.

The increase in average salaries was driven by the following factors:

- Indexation of pay rates (official salaries) of TGC-1 employees from 01.01.2021 on the basis of the Collective Agreement in line with the Company's Business Plan;
- Introduction of extra pay for combining professions (jobs), for expanding service coverage, for performing the duties of a temporarily absent employee, and additional pay for overtime and weekend work in relation to decreased staffing levels (more sick leaves due to COVID-19, and other factors).

INFORMATION ABOUT REMUNERATION TO TOP MANAGEMENT

For providing the function of strategic business management a special category of executives is required, i.e. top managers.

Top managers include:

- Managing Director;
- Deputy Managing Directors;
- Chief Accountant.

The remuneration system for top managers has been developed based on the following principles:

- Direct financial remuneration should consist of an official fixed salary reflecting the professional level of a manager and the level of complexity of their job duties, as well as a bonus based on their performance for the quarter/year;
- an employee should be motivated to improve the efficiency of the Company's production, property and finance management, and to achieve the strategic goals of the Company.

The annual bonus based on the achieved results consists of three parts:

- 1. CORPORATE PERFORMANCE** (reflects achievement by the Company as a whole of the goals set for the current year);
- 2. INDIVIDUAL PERFORMANCE** (reflects achievement of the goals by the functional subdivision managed);
- 3. PROJECT PERFORMANCE** (reflects achievement by a top manager of individual strategic goals of the Company's business development).

The job compensations and financial incentives for the Company's top managers are set forth in the Regulations on Remuneration for the Top Managers of Territorial Generating Company No. 1, which is an internal regulatory instrument of TGC-1 developed with reliance on the Labor Code of the Russian Federation and the Company's Charter.

⁷ For more details on the Employee Development System, please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

INFORMATION ON WAGES, SOCIAL BENEFITS AND GUARANTEES

In 2021, the Collective Agreement executed in 2020 was in effect.

130,312.3

RUB thousand

In 2021, expenses for social benefits, guarantees and compensations (excluding social security payments from payroll fund) for TGC-1 current and retired employees, expenses for cultural and sporting events, and allocations to the trade union for social needs amounted to

A significant benefit provided to employees and pensioners is compensation for electricity and heat consumed by households.

In addition, the employees of TGC-1 receive a one-time incentive payment on top of their average salary in the amount of their official salary as of the first day of their annual leave, but not exceeding RUB 35,000.

Employees of TGC-1 can also count on support from TGC-1 in difficult financial situations (caused by natural disasters, fire, theft, illness, etc.).

One of the most important goals of TGC-1 social policy is social protection of retired veterans who strongly feel their “detachment” and financial insecurity upon retirement. An employee who has worked in the energy industry for at least twenty years and at least ten years at TGC-1 and its predecessor companies and retired from TGC-1 may count on

getting help and support from the company. There are 2,665 retired veterans of the energy sector, and, in accordance with the Regulations on Providing Financial Support, each of them is entitled to special payments timed to public holidays and anniversaries. The size of such payments is determined by a joint decision of TGC-1 administration and the Council of Representatives of Primary Trade Union Organizations.

In 2021, the Agreement on Benefits and Guarantees for Members of Primary Trade Union Organizations of the All-Russian Electric Trade Union, a public organization carrying out its activities in business units of TGC-1 (hereinafter, the Agreement), was in effect at TGC-1.

Under the above Agreement, the administration of TGC-1 is remitting money to the accounts of primary trade union organizations of business units as a financial assistance over the amounts prescribed by the law for those employees who are members of the trade union (for child birth, marriage, funeral of close relatives).

In addition, those employees who are members of trade unions receive benefits for childcare in preschool institutions, which apply to families raising three and more minor children. Financial assistance is provided to employees who have 5 or more dependent children or a disabled child, and to employees caring for cohabiting members of their families (disabled persons requiring permanent care) based on a medical report.

EMPLOYEE DEVELOPMENT AND INCENTIVE SYSTEM

Creating an effective, client-focused and result-oriented team is only possible through ongoing development of employees. TGC-1 supports and encourages their aspiration for professional growth and self-improvement. Personnel training and development is indispensable to the Company’s success and the key to achieving its goals.

A comprehensive employee development system has two main directions: first of all, it ensures that personnel qualifications correspond to the requirements for addressing the Company’s current tasks; and another key direction is personnel training for implementing the Company’s strategic plans, which implies developing skills and competencies that will be in demand in the future.

One of the long-term priorities in the Human Resource Policy of TGC-1 is the ongoing professional training of its employees.

Personnel training

The Training Center of TGC-1 is a part of the System of Continuous Corporate Professional Education for employees of Gazprom PJSC (hereinafter, the CCPES), which purpose is to improve the efficiency and quality of work of employees by guaranteeing the sufficient professional competences corresponding to a certain job (profession).

The capabilities of the Company’s system of continuous professional education are enhanced by distance learning technologies. Distance learning is naturally integrated into the existing training systems, contributing to their improvement and advancement.

Based on the valid educational license, the Training Center of TGC-1 provides training for qualification upgrade, occupational training, pre-certification training, certification and knowledge testing in accordance with the requirements of standards and regulations effective in the power industry, as well as standards and regulations developed by the state regulatory and supervisory authorities which apply to the power industry.

Within the frames of the CCPES, TGC-1 provides the following types of training to its employees:

- Compulsory training, which is the training to ensure compliance with the requirements of state and internal regulations concerning admission to work at hazardous production facilities of TGC-1;
- Specific-purpose (forward-looking) training, which is professional training, retraining of managers and specialists and qualification upgrade training of employees in response to the growing demands of production, improvement of business processes, commissioning of new production facilities, integration of new equipment and technology, as well as in connection with the upcoming appointment to a new position, change of occupation;
- Periodic training, which is personnel training aimed to maintain the professional qualifications of employees, and provide additional professional knowledge, skills and abilities.

THE TRAINING CENTER OF TGC-1 ORGANIZES:

- Licensed training under the programs of professional education for workers and additional professional education for managers and specialists;
- Training with minimum off-the-job time;
- Simulator training of operating staff;
- Pre-examination training using up-to-date software and hardware;
- Pre-certification training of managers and specialists in the field of industrial safety, safety of hydraulic structures, electrical safety (for certification by TAC of Federal Service for Environmental, Technological, and Nuclear Supervision and SAC of TGC-1);
- Fire safety training;
- Work with students of Gazprom Class;
- Work with young professionals;
- Thematic workshops and training courses;
- Corporate training focused on developing managerial competencies;
- Training of high-potential employees at higher and secondary vocational education institutions at the Company’s expense;
- Cooperation with leading educational institutions across the North-Western Federal District;
- Work with the Company’s talent pool.

The Training Center of TGC-1 develops new training programs and, when necessary, updates existing training programs aimed at improving the skills of the Company’s employees, in response to changes in the applicable regulations, the production conditions, the integration of new technologies, and improvements in business processes.

In 2021, the employees were trained in accordance with the Rules of Work with Personnel in the Entities of the Power Industry of the Russian Federation (approved by the order of the Ministry of Energy No. 796 of 22.09.2020) and other regulations governing the procedures for personnel training.

12,337

employees

Delivered training across all fields of training in 2021

Employees of TGC-1 trained in 2021

Employee Category	Number of employees trained in 2021*	Employee training costs, RUB thousand	HR consulting costs, RUB thousand **	Total training costs, RUB thousand
Managers	4,014	8,306.24	3,077.31	11,383.55
Specialists and officers	2,542	3,482.26	754.82	4,237.08
Workers	5,781	5,457.63	1,558.81	7,016.44
TOTAL	12,337	17,246.13	5,390.94	22,637.07
* The number of trainings was calculated (one employee could have completed several trainings)				
** Including business trip expenses				

Information on employee training at TGC-1 in 2021

Type of training	Number of employees trained in 2021*	Total training costs, RUB thousand**
Compulsory training	9,055	11,655.09
Specific-purpose (forward-looking) training	1,690	6,956.19
Periodic training	1,592	4,025.79
TOTAL	12,337	22,637.07
* The number of trainings was calculated (one employee could have completed several trainings)		
** Including business trip expenses		

Training at the training center

In 2021, the Training Center trained 4,649 people, including 2,825 managers and specialists, 1,824 workers.

Development of training methodology framework, training forms and methods

In 2021, the efforts were continued to develop and update training programs with account of enacted and new professional standards. TGC-1 took part in development of two professional standards:

- Professional standard code 20.047 “Chemical Analysis Worker of a Heat Power Plant”, approved by Order of the Ministry of Labor of Russia No. 377n of 08.06.2021, will come into force on March 01, 2022;
- Professional standard code 20.048 “Water Treatment Worker at Heat Power Plant” approved by Order of the Russian Ministry of Labor No. 616n of 31.08.2021, will come into force of 01.03.2022.

In 2021, the following internal regulations were developed and updated aiming to ensure the uniformity of approaches to organizing professional training, retraining and qualification upgrade training for employees of TGC-1:

- Regulations on certification of managers and specialists of TGC-1 in industrial safety, safety of hydraulic structures, and electrical safety;
 - Procedure for training the employees of TGC-1 in fire safety measures;
 - Regulations on intermediate and final certification of trainees, ongoing monitoring of their progress under professional training programs, additional professional
- training programs and other training programs of the Training Center of Nevsky Branch of TGC-1;
 - Regulations on fee-based educational services provided by the Training Center of Nevsky Branch of TGC-1;
 - Regulations on work with students and young specialists of TGC-1;
 - Regulations on staff onboarding at TGC-1.

IN 2021, IN ORDER TO IMPROVE THE PROCESS OF EDUCATION:

1. DEVELOPED

15 new training programs, 15 lists of control questions for training programs, 3 training methodology complexes were developed;

2. UPDATED

40 existing training programs and 15 lists of control questions for training programs were updated;

3. UNDERTAKEN

The work was undertaken to upgrade facilities and resources of the Training Center of TGC-1.

In 2021, in accordance with Order of TGC-1 No. 251 of 04.12.2019, the training of employees on compliance with the Corporate Code of Conduct continued (1,233 employees were trained in 2021). To date, 100% of the Company’s employees have completed this training.

In accordance with Order of TGC-1 No. 61 of 14.04.2021, training course was organized on “Combating Corruption in Gazprom energoholding Group” (35 employees were trained).

The Training Center of TGC-1 developed the qualification upgrade program on “Development of Personal and Professional Competencies of Young Employees of TGC-1”. In 2021, 19 people were trained at the Young Professionals’ School.

Training under specific-purpose modular programs is conducted to help employees acquire new competencies.

In 2021, in order to assess the effectiveness of personnel training in educational organizations, feedback questionnaires of employees who completed training and of their supervisors were analyzed on an ongoing basis. The analysis showed that the training was conducted under relevant training programs by highly qualified teaching staff and contributed to the improvement of professional skills of employees and have high practical importance.

Simulator training

In 2021, in order to develop the simulator training base at TGC-1, a TWR-12 computer simulator was developed with electric diagrams and a set of planned and emergency drills for each HPP of Nevsky Branch of TGC-1 (6 HPPs).

Development of talent pool

On a regular basis, the operating and future talent pool is assessed and trained in order to ensure compliance with the requirements of reserve positions on the basis of the Regulations on Work with the Talent Pool for Managerial Positions at TGC-1.

Targeted training programs are developed annually for the talent pool on the basis of modular forms of training, aimed at developing the managerial, personal and business competencies.

One of the most popular modes of training in 2021 was distance training, which gives a possibility to build a schedule for self-training based on most convenient timing. At the corporate educational portal, the following courses were arranged on relevant topics: “Team Building and Development”, “Incentives for Employees”, “Basics of Time Management”, “Stress Management”, “Negotiation Tactics”. The courses were designed not only for the talent pool for the position Workshop/Department Head, but also for higher level positions, such as the Deputy Chief Engineer, Chief Engineer.

The obtained theoretical knowledge will serve as a basis for practical training in 2022, during which the trainees will practice and consolidate the knowledge gained.

Development of research potential

Being employed by our Company means being at the forefront of one of the most challenging and interesting industries in the country.

It has become an annual tradition for our Company to participate in the Contest of Young Specialists and Innovators organized by Gazprom energoholding, which is a unique platform for presenting scientific and technological novelties in the energy sector and sharing knowledge and best practices among the Holding's young specialists.

In 2021, 60 projects were submitted for the contest from TGC-1, including 41 projects in the technical section and 19 projects in the Management and Automation section.

Veronika Korshunova, Chief Specialist of Production System Improvement Sector in Production Systems Directorate (project on Reduction of the Accident Rate through the Use of Digital Complex "Knowledge Monitoring") was awarded the 1st place in the Management and Automation section.

Vyacheslav Veldyukhov, Deputy Chief of the Boiler Turbine Unit at Apatitskaya CHPP, became the First Prize laureate of the 2021 International Contest of Scientific, Technological and Innovative Developments for Advancement of Fuel Energy and Mining Industries. The contest has been held since 2012 with the support of the Ministry of Energy of the Russian Federation, and in 2021, 196 projects were presented at the contest from 88 companies related to oil and gas sector, coal and peat industry, electric power, renewable energy, pipeline transportation, nuclear energy and mining industry.

The topic of the project presented by Vyacheslav Veldyukhov: Automation and Visualization of Control System for Heating Units. The project was awarded a first-degree diploma at the Gazprom energoholding's Contest of Young Specialists and Innovators in 2020, but it was further elaborated for the International Contest. The system presented at the Contest is already used in a testing mode with manual data input at Apatitskaya CHPP.

Professional excellence competitions and contests for operating staff

One of the effective ways to maintain high professional level of operating staff, reduce the risk of accidents, and improve and integrate staff training methods and simulator training practice are professional excellence competitions and contests.

The following professional excellence competitions and contests were held in 2021:

- Competition among operating staff of modular and cross-connection CHPPs of TGC-1, held from May 31st to June 3rd, 2021, in Saint Petersburg on the premises of the Training Center (8 teams (72 people) took part in the competition);
- Professional Excellence Contest "The Best Occupational Safety Specialist" of Gazprom Energoholding LLC, held from June 1st to June 4th, 2021 in Moscow on the premises of the Unified Staff Training Center (the team of TGC-1 was awarded the second place based on the results of four contest stages);
- Contest among hydropower plant operating staff, held from August 30th to September 3rd, 2021 in Saint Petersburg on the premises of the Training Center (nine teams (27 people) took part in the contest);
- Competition among operating personnel of cross-connection CHPPs of Gazprom Energoholding LLC, held from September 20th to 24th, 2021 in Moscow on the premises of the Unified Staff Training Center (TGC-1 was represented by the team from Apatitskaya CHPP of Kolsky Branch; after all stages of the competition the team from Apatitskaya CHPP of TGC-1 was awarded the 3rd place; Pavel Yankovsky, representative of Apatitskaya CHPP, was recognized as the best shift supervisor of the Thermal Instrumentation and Control Shop);
- Competition among repair personnel of Gazprom Energoholding LLC, held from December 14th to 17th, 2021 in Saint Petersburg on the premises of Nevsky Plant JSC (the team of TGC-1 was awarded the 4th place in the category of Power Repair Production; Victor Baimurzin (Yuzhnaya CHPP of TGC-1) was recognized as the Best Fitter according to the results of the competition).

Relations with higher and secondary vocational education institutions

In 2021, in order to enhance the HR brand awareness of TGC-1 and to attract high-potential young specialists to the Company, the Training Center organized participation of the Company's employees in the following career-oriented events held at universities in the North-West Federal District:

- Company's presentation at the meeting of the Energy Club of Peter the Great Saint Petersburg Polytechnic University EnergyClub;
- Company's Day at Ivanovo State Power Engineering University;
- All-Russian Campaign "Career Time" of the Ministry of Science and Higher Education of the Russian Federation;
- Jobs Fair at Petrozavodsk State University;
- Youth Career Forum at Peter the Great Saint Petersburg Polytechnic University for undergraduate and graduate students (poster session);
- Innoevent, Week of Innovations at the Higher School of Technology and Energy of Saint Petersburg State University of Industrial Technologies and Design (case development, participation in the contest committee session).

In 2021, 145 students completed apprenticeship training in the Company's business units. 58% of them were employed by the Company after graduation.

TGC-1 contest for the best graduation project among graduates of higher education institutions in the North-West Federal District

Annually, TGC-1 conducts the annual Best Graduation Project Contest among the graduates of higher education institutions in the North-West Federal District. The contestants may become the best in one of the below nomination categories:

- Combined heat and power plants and heating grids;
- Electrical systems and networks;
- Economics and management at the enterprise in power engineering;
- Selling activities at wholesale electricity and capacity market and heat energy market;
- Automation and information technologies in power engineering;
- Mitigating the adverse environmental impact and ecology in power engineering;
- Construction, operation and management of renewable energy facilities.

In 2021, the 16th Contest for the Best Graduation Project was held by TGC-1 among students of higher education institutions in the North-West Federal District.

37 projects were submitted by students from the leading power engineering universities of the Northwestern district:

- Peter the Great Saint Petersburg Polytechnic University;
- High School of Technology and Energy of Saint Petersburg State University of Industrial Technologies and Design;
- Saint Petersburg State Mining University;
- Petrozavodsk State University.

SOCIAL PROGRAM OF TGC-1⁸

An important aspect of the Social Program is organizing recreation for employees and their families.

In 2021, 562 employees with their families vacationed in the Leningrad Oblast (Priozersk District, Petrovskoe-2 settlement, Dacha Country Club) and on the Russian coast of the Black Sea (Tuapse District, Nebug settlement, Molniya Yamal Recreation Center) under the Recreation Financing Program. The total cost of recreation was RUB 20,929,920 (Twenty million nine hundred twenty-nine thousand nine hundred twenty rubles 00 kopecks).

TOTAL COST OF RECREATION / NUMBER OF VACATIONED EMPLOYEES

Nevsky Branch

362 persons
(RUB 13,511,520.00)

Karelsky Branch

85 persons
(RUB 3,162,720.00)

Kolsky Branch

115 persons
(RUB 4,255,680.00)

TOTAL for TGC-1

562 persons
(RUB 20,929,920.00)

Vacation vouchers are distributed between structural divisions of the Company based on the principles of proportionality, actual number of employees, and with account of the needs of employees for rest and recreation. The Company's management is concerned with organizing family vacations for its employees. That is why employees receive two vouchers, including one for a family member, with partial compensation for the cost of these vouchers.

Another important area of the Social Program is payment for recreation holidays for children of TGC-1 employees. In 2021, the employees were reimbursed for 71 children's recreation vouchers, which cost the Company RUB 1,668,170.00.

TGC-1 launched a Non-State Retirement Plan for its employees, which includes two main retirement plans: a corporate plan and a parity plan. In 2021, RUB 17,581,500 were allocated to finance the corporate non-state retirement plan, with 173 employees participating in the corporate plan as of December 31, 2021. In 2021, RUB 2,081,357.57 were allocated to the parity program of non-state retirement plan, with 207 employees participating in the parity program as of December 31, 2021.

TGC-1 also pays a great deal of attention to sports and recreational activities. In 2021, the following tournaments and competitions were held in accordance with internal documents of TGC-1 adapted based on the same documents of Gazprom PJSC and Gazprom Energoholding LLC:

- Football tournament for TGC-1 cup (290 employees participated);
- Volleyball tournament for TGC-1 Cup (320 employees participated).

During the year, the teams (from branches and the Company's main team) participated in external regional and interbranch competitions in various sports, including football, volleyball and basketball tournaments, chess and athletics competitions among energy companies under the auspice of the Ministry of Energy of the Russian Federation, Summer Spartakiad of Gazprom Energoholding LLC, football tournament between partner companies SIEMENS CUP, and regional interbranch Winter and Summer Spartakiads among energy companies in the Murmansk Oblast.

⁸ For more details on the Social Policy, please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

One of the most important goals is taking care of physical health of employees. This is accomplished through providing compulsory and voluntary medical insurance for employees.

In 2021, the same as in 2020, voluntary medical insurance programs for employees of TGC-1 were implemented through SOGAZ JSC, an insurance company; the Company's employees timely received highly qualified medical help.

Indicator	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Total costs for voluntary medical insurance in 2021 (RUB)	106,142,515.37	67,877,219.68	15,852,926.66	22,412,369.03

In 2021, an umbrella accident insurance contract was in effect to provide insurance coverage of employees' financial interests related to harm to life and health caused by an accident. In 2021, the insurance payments in the amount of RUB 80,000.00 were made for the insured accidents that occurred in 2020 and 2021. For the insured accident that occurred in December 2021, the insurance payment will be made in 2022.

Indicator	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Total accident insurance costs in 2021 (RUB)	1,619,058.44	1,020,295.86	247,908.19	350,854.39

In 2021, the Company also had an accident insurance contract for non-staff emergency rescue teams (NERT) covering the Company's employees who were engaged as rescuers in emergency response operations either individually or as members of non-staff emergency rescue teams.

Indicator	TGC-1	Nevsky Branch	Karelsky Branch	Kolsky Branch
Total accident insurance costs (NERT) in 2021 (RUB)	37,800.00	18,000.00	9,000.00	10,800.00



SPONSORSHIP AND CHARITY⁹

TGC-1 is a leading producer of electric and heat energy in the North-Western Federal District of Russia. The Company unites 52 power plants in four constituent entities of the Russian Federation: Saint Petersburg, the Republic of Karelia, Leningrad Oblast and Murmansk Oblast.

More than 8 mln people live in the area of responsibility of TGC-1. The scale of the Company's activities is such that they are of strategic importance for the socio-economic development of the entire Northwestern district of Russia.

The Company fully understands its responsibility to society as a whole and future generations for contributing to the creation of favorable living conditions, environment adverse impact minimizing, as well as promoting energy efficiency, energy security and resource conservation.

In order to form and have a common understanding of the standards of charitable activity, the Company has developed and adopted a Charitable Activity Policy.

During the annual charity initiatives DobroPomoshch TGC-1 (timed to Children's Day and New Year), the Company's employees actively help disabled children by providing them with the necessary hygiene products, toys and sweets (Perspektivy ChF (Charity Foundation) and Children's Neuropsychiatric Sanatorium Komarovo, Saint Petersburg State Budgetary Healthcare Institution), and also collect gifts for residents of nursing homes. In addition, the Company's volunteers provide assistance to animal shelters by cleaning cages, collecting food and hygiene products for pets.

Moreover, every year the Company's employees take part in the energy saving festival "Vmeste Yarche" (Brighter Together), telling visitors popularly about the energy company operation,

The charitable activity of TGC-1 is aimed at building and maintaining a favorable socio-cultural environment and includes such areas as:

- health care;
- building of a healthy lifestyle;
- support for education and culture;
- taking care of the environment;
- development of corporate volunteering and others.

14.5
RUB mln

The total amount of charitable assistance provided in 2021

rational use of resources. In 2021, the festival was held in Tosno, Leningrad Oblast, and it was attended by more than 5,000 people.

In 2021, about 400 employees of the Company took part in volunteer activities.

In 2022, TGC-1 will continue its charitable initiatives. The Company is planning to strongly support social initiatives and infrastructure development projects in remote communities in the regions of its presence. As previously, our top priority is to provide assistance to children and medical institutions. Beyond that, the Company has intentions to expand its environmental projects and corporate volunteering.

⁹ For more details please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

Areas of charitable and sponsorship assistance in 2021

Area of assistance	Total amount, RUB mln	%
Targeted medical care	1,081.43	7.5
Support for disabled children, orphans and children from low-income families	573.40	3.9
Support for public and religious organizations, ex-servicemen and veterans	480.00	3.3
Support for cultural projects	2,000.00	13.9
Support for public initiatives (children's and youth, as well as government and local self-government initiatives)	1,618.32	11.3
Support for science and education	1,460.00	10.1
Healthcare support	6,776.81	47.2
Support of environmental projects	410.00	2.8
TOTAL	14,399.90	100.00

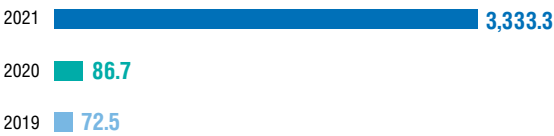


ENVIRONMENT PROTECTION¹⁰

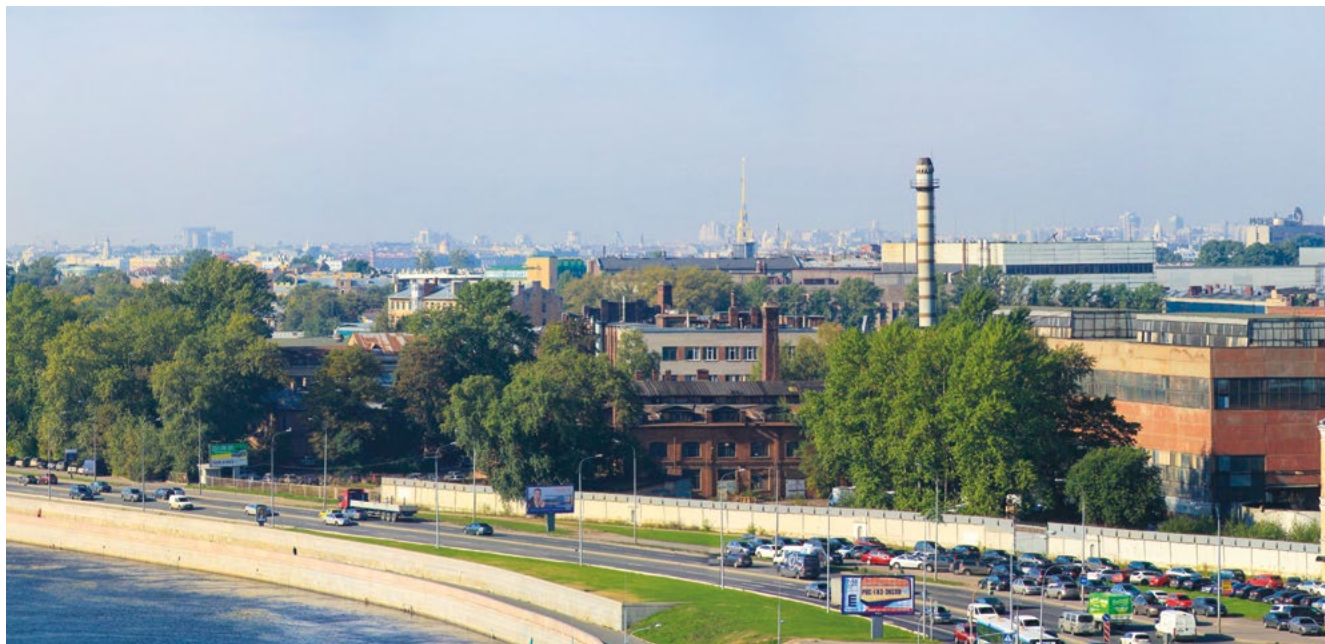
In 2021, the branches of TGC-1 carried out environment protection activities, in particular, the following projects were implemented for reconstruction and modernization of sewage networks and construction of treatment facilities at a number of plants, including:

- **CONSTRUCTION AND INSTALLATION WORKS**
for reconstruction of sewerage networks, including the construction of sewage treatment facilities for wastewater discharged into the Neva River at Vasileostrovskaya CHPP;
 - **CONSTRUCTION**
of a process water recirculation system (equipment supplies) at Avtovskaya CHPP;
- **INSTALLATION**
of noise suppressors on the discharge steam pipelines of Vyborgskaya CHPP;
 - **DESIGN AND SURVEY WORKS**
for developing a design of acoustic screens to reduce noise impact of Petrozavodskaya CHPP.

Total investments for environment protection in 2019-2021



Investments in equity allocated to environment protection increased as the largest fraction of investments, RUB 3.3 bln, was spent on water recirculation systems, namely the supply of equipment for construction of the treatment facilities at Avtovskaya CHPP. Funds were also spent on installation of noise suppressors on discharge steam pipelines of Vyborgskaya CHPP and on the design of acoustic screens to reduce the noise impact of Petrozavodskaya CHPP. The Vasileostrovskaya CHPP is continuing to reconstruct its sewage system and to build sewage treatment facilities. However, in the reporting year, twice less was spent on this project than in the previous year.



¹⁰ For more details on the Environment Protection, please check The 2021 Sustainability Report of TGC-1 available on the Company's website at: <https://www.tgc1.ru/ir/reports/>

Emissions

The amounts of wastewater discharged to the surface water bodies in 2019-2021 are provided in the below table.

Amount of wastewater discharged to the surface water bodies in 2019-2021

Indicator	Unit of measure	2019	2020	2021
Total water discharge to surface water bodies, including:	thousand m³	202,196.130	171,281.43	198,955.42
contaminated (without treatment)	thousand m³	54,304.69	48,392.69	67,266.15
contaminated (insufficiently treated)	thousand m³	2,323.50	1,292.68	1,490.47
regulatory clean (without treatment)	thousand m³	145,566.34	121,589.88	130,184.65
regulatory treated	thousand m³	1.60	6.18	14.15

Amount of wastewater discharged to the surface water bodies in 2019-2021, mln m³



Amounts of emissions of air pollutants in 2019-2021, thousand tons



Emissions of pollutants into the atmosphere in 2019-2021

Indicator	Unit of measure	2019	2020	2021
Gross emission of pollutants into the atmosphere, including:	tons	37,101.949	35,476.848	33,251.506
within maximum permissible limit	tons	36,880.391	35,363.673	32,852.738
above limit	tons	221.558	113.175	398.768
Total solid waste emission, including:	tons	2,740.369	2,717.383	2,660.024
within maximum permissible limit	tons	2,724.154	2,704.088	2,660.024
above limit	tons	16.215	13.295	0.000
Total gas and liquid emissions, including:	tons	34,361.58	32,759.465	30,591.482
within maximum permissible limit	tons	34,156.237	32,659.585	30,192.714
above limit	tons	205.343	99.880	398.768

The gross air pollutant emissions of TGC-1 decreased in 2021 due to the better quality of coal, which contains twice less sulfur, used as fuel at Apatitskaya CHPP and in boiler houses in the Pryazhinsky and Prionezhsky Districts of the Karelsky Branch. Accordingly, emissions of almost all kinds of pollutants were reduced, and excessive emissions of solids and sulfur dioxide were discontinued.

In the total amount of emissions, the excessive emissions above the limit tripled, which is related to changes in regulatory documents and recalculation of daily emission rates for Centralnaya CHPP (Declaration on Environmental Impact of March 15, 2021) and Pravoberezhnaya CHPP (Permit for Emission of Pollutants into the Atmosphere of February 22, 2021), and changes in emission calculation methods in connection with introduction of new maximum

permissible emission targets at Pravoberezhnaya CHPP. At Vasileostrovskaya, Pervomaiskaya and Vyborgskaya CHPPs, the rates of emissions from boilers decreased due to drafting of Declaration on Environmental Impact (CHPP-7 – from 23.12.2020, CHPP-14 – from 30.11.2020, CHPP-17 – from 22.10.2019), and the amount of fuel fired increased as compared to 2020. Another reason was the change in emission calculation methods in connection with introduction of new maximum permissible emission targets at Pravoberezhnaya CHPP. Nevertheless, above-the-limit emissions amounted to less than 1% of the total emissions.

The total cost of environment protection projects implemented at the Nevsky, Karelsky and Kolsky Branches of TGC-1 amounted to RUB 332.900 mln.

APPENDICES



APPENDIX 1.

BACKGROUND INFORMATION FOR SHAREHOLDERS AND INVESTORS

BANK DETAILS OF TGC-1

INN (Tax Identification Number) / KPP (Tax Registration Reason Code)	7841312071 / 997650001
Settlement Account in I“BANK “ROSSIYA”, Saint Petersburg	4070 2810 3090 0000 0005
Correspondent Account	3010 1810 8000 0000 0861
BIC	044030861
OGRN (Primary State Registration Number)	1057810153400
OKPO (Russian National Classifier of Businesses and Organizations)	76201586

INFORMATION ABOUT THE REGISTRAR OF TGC-1

Specialised Registrar – Holder of the Register of Gas Industry Shareholders Joint Stock Company (JSC DRAGA)	
Location / Postal address	8 Bolshaya Zelenina St., Bld. 2, Lit. A, Premises 42H, 4th floor, Saint Petersburg, 197110
INN (Tax Identification Number)	7704011964
Telephone	+7 (495) 719-40-44, +7 (812) 775-00-81
Fax	+7 (812) 775-00-82
Website	http://draga.ru/
E-mail	info@draga.ru

Date of appointment of this registrar for the maintenance of the register of the issuer’s registered securities: 23 December 2010

INFORMATION ABOUT THE AUDITOR OF TGC-1

Joint Stock Company “Unicon” (Unicon JSC)	
Location	125 Varshavskoye Highway, Bld. 1, Section 11, 3rd floor, Premises I, Room 50, Moscow, 117587
Postal Address	8 Preobrazhenskaya Square, BC Preo-8, 14th floor, Moscow, 107061
INN (Tax Identification Number)	7716021332
Telephone	+7 (495) 797-56-65
Fax	+7 (495) 797-56-60
Website	http://www.unicon.ru/
E-mail	reception@unicon.ru
Unicon JSC branch (Saint Petersburg)	
Location in Saint Petersburg	34 9th line V.O., lit. A, BC Magnus, office 624, St. Petersburg, 199004
Telephone	+7 (495) 797-56-65
Fax	+7 (495) 797-56-60
E-mail	spb@unicon.ru

Information on the auditor’s membership in self-regulatory organizations of auditors

Full name: Self-Regulatory Organization of Auditors Assotsiatsiya Sodruzhestvo (SRO AAS)
Location: 21 Michurinsky Ave., Bld. 4, Moscow, 119192, Russian Federation
Primary registration number of entry in SRO register: 12006020340.

DESCRIPTION OF PROCEDURES USED TO SELECT EXTERNAL AUDITORS AND TO ENSURE THEIR INDEPENDENCE AND FAIRNESS, AS WELL AS INFORMATION ABOUT THE REMUNERATION TO EXTERNAL AUDITORS FOR AUDIT AND NON-AUDIT SERVICES

Procedure for Auditor Selection

Procedure in place for holding tenders to select the auditor, and its main conditions:

The tender for selecting an auditor for 2021 was conducted in the form of an open electronic tender for the right to conclude a contract for a mandatory annual audit of the financial (accounting) statements of TGC-1 and its subsidiary under RAS and of the consolidated financial statements of TGC-1 Group prepared under IFRS for 2021-2022.

Requirements to deadlines of services for 2021:

- Audit of accounting statements of TGC-1 prepared under RAS:
 - Audit report shall be submitted by February 28, 2022;
 - Services under the Contract shall be finalized by April 30, 2022.
- Audit of the consolidated financial statements of TGC-1 Group prepared under International Financial Reporting Standards (IFRS):
 - Audit report shall be submitted by March 7, 2022;
 - Opinion following the review shall be submitted by August 3, 2021;
 - Services under the Contract shall be finalized by April 30, 2022.

Statement of work (scope of service):

- Mandatory annual audit of the financial statements of TGC-1 and its subsidiary JSC “Murmanskaya CHPP” prepared under RAS;
- Mandatory annual audit and review of the consolidated financial statements of TGC-1 Group prepared under International Financial Reporting Standards (IFRS).

Bids are evaluated based on the following criteria:

- Price criterion: contract price.
- Non-price criteria:
 - Qualitative characteristics of the procurement item.
 - Qualification of the Tenderer, including experience in providing the services of auditing accounting (financial) statements, consolidated accounting statements and consolidated financial statements prepared under the International Financial Reporting Standards (IFRS), as well as sufficiency of human resources possessing certain skills.

The criterion weight is determined as a percentage. For the purposes of evaluating the bids as part of the Request for Proposals the evaluation criteria are assigned the following weight.

No	Bid evaluation criterion	Evaluation criterion weight
1.	PRICE CRITERION	40%
1.1.	Contract price	40%
2.	NON-PRICE CRITERIA, INCLUDING:	60%
2.1.	Business reputation	20%
2.2.	Financial standing	20%
2.3.	Qualification	60%
	Total weight of all evaluation criteria	100%

The final score of a tender bid is calculated as the sum of scores for all evaluation criteria – Contract Price, Business Reputation, Financial Standing and Qualification of the Tenderer. The criterion score is the number of points assigned after evaluating a bid by the relevant criterion, adjusted by the weight of this evaluation criterion. In calculations the fractional score shall be rounded to the second decimal place according to the mathematical rules of rounding. A 100-point scale is used to evaluate the bids by each evaluation criterion.

For the non-price criteria, there are certain indicators and each indicator having its weight, as well as the formulas for calculating the number of points.

Based on the bid evaluation results, each Bid is assigned a ranking number in the descending order of profitability of the contract terms contained in the Bid. The best Bid is the Bid of the Tenderer who received the maximum score and was assigned the first ranking number. If, according to the results of evaluation and comparison of the Tender Bids, several Bids are assigned the same number of points, the Tender Bid which was submitted earlier is assigned a higher ranking.

Procedure for nominating an auditor to be approved by the meeting of shareholders (participants), including the management body in charge of decision-making:

Pursuant to the Issuer’s Charter, Article 20, Clause 20.1, Subclause 9, the scope of competence of the Board of Directors includes “providing recommendations to the General Meeting of Shareholders on the matters relating to approval of the Company’s auditor”.

Pursuant to the Issuer’s Charter, Article 15, Clause 15.1, Subclause 9, the scope of competence of the General Meeting of Shareholders includes “approval of the Company’s auditor”.

Factors that may affect independence of the Company's auditor

There are no factors that may affect independence of the auditor (audit company) from the issuer and there are no material interests connecting the auditor (persons holding positions in the management and control bodies overseeing financial and economic activities of the audit company) with the issuer (persons holding positions in the management and control bodies overseeing financial and economic activities of the audit company).

As for the auditor’s independence, the auditors are governed by the provisions of Article 8 of Federal Law No. 307-FZ dated December 30, 2008 “On Auditing”, as well as by the Russian and international Codes of Ethics for auditors.

Deadline for the last open electronic tender for selection of an external auditor

By its resolution, the Audit Committee of the Board of Directors of TGC-1 launched an open electronic tender for the right of a winning candidate to be submitted for consideration and approval to the General Meeting of Shareholders, and to conclude a contract with TGC-1 for auditing of the financial statements for 2021-2022.

Bids were opened in the presence of representatives of audit companies. Materials contained in the submitted bids were evaluated by such criteria as: price of services, business reputation, financial standing, qualification of a tenderer, and final rating.

The Tender Commission of TGC-1 summarized the results of the open request for proposals. The Tender Commission made a decision to recommend BDO Unicon JSC as the auditor of TGC-1.

Essential terms of the contract with the Company’s external auditor.

The subject matter of the contract is a mandatory annual audit of the financial (accounting) statements of TGC-1 and its subsidiary under RAS and financial statements under IFRS for 2021-2022.

Deadlines of services for 2021:

- Audit of accounting statements of TGC-1 prepared under RAS:
 - Audit report shall be submitted by February 28, 2022;
 - Services under the Contract shall be finalized by April 30, 2022.
- Audit of the consolidated financial statements of TGC-1 Group prepared under International Financial Reporting Standards (IFRS):
 - Audit report shall be submitted by March 7, 2022;
 - Opinion following the review shall be submitted by August 3, 2021;
 - Services under the Contract shall be finalized by April 30, 2022.

Price of services: Pursuant to the Issuer's Charter, Article 20, Clause 20.1, Subclause 10, determination of the size of the auditor fees falls within the competence of the Board of Directors.

On April 21, 2021, the Board of Directors of TGC-1 made a decision to give a recommendation to the General Meeting of Shareholders to approve BDO Unicon JSC as the Company's Auditor. If the General Meeting of Shareholders approves BDO Unicon JSC as the Company's Auditor, the price of services for 2021 shall be RUB 5,070,600 (Five million seventy thousand six hundred rubles), including 20% VAT equal to RUB 845,100 (Eight hundred forty-five thousand one hundred rubles).

On June 18, 2021 the annual General Meeting of Shareholders of TGC-1 resolved to approve BDO Unicon JSC as the auditor to audit the accounting statements and consolidated financial statements of TGC-1 for 2021.

On September 17, 2021 an entry was made to the Uniform State Register of Legal Entities on the state registration of amendments to the founding documents of Unicon JSC, under which the name of the Company was changed to:

- Full name: Joint Stock Company "Unicon"
- Short name: Unicon JSC.

Information about any deferred or overdue payments for the services provided by the auditor:

There are no deferred or overdue payments for the services provided by the auditor.

As regards the auditor's independence status, the auditor is governed by the provisions of Article 8 of Federal Law No. 307-FZ of December 30, 2008 "On Auditing", as well as by the Russian and international Codes of Ethics for auditors.

Contact details TGC-1

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IR contacts
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APPENDIX 2.
ACCOUNTING (FINANCIAL) STATEMENTS OF
TGC-1 FOR 2021 AND AUDIT REPORT ISSUED
BY INDEPENDENT AUDITOR¹¹

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Public Joint Stock Company "Territorial Generating Company No.1"

Opinion

We have audited the accounting (financial) statements of Public Joint Stock Company "Territorial Generating Company No. 1" (the Company) (OGRN (Primary State Registration Number) 1057810153400), which comprise the Balance Sheet as of December 31, 2021, the Income Statement for 2021, supplements to the Balance Sheet and the Income Statement, including the Statement of Changes in Equity for 2021 and the Cash Flow Statement for 2021, Notes to the Balance Sheet and the Consolidated Statement of Income for 2021 (in textual and tabular forms).

In our opinion, the accompanying accounting (financial) statements present fairly, in all material respects, the financial position of Public Joint Stock Company "Territorial Generating Company No.1" as of December 31, 2021, and its financial performance and cash flows in 2021 in accordance with the accounting (financial) reporting regulations established in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Accounting (Financial) Statements section of our report. We are independent of the Company as required by the ethical standards applicable to our audit of the accounting (financial) statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were the most significant for our audit of the accounting (financial) statements for the current period. These matters were considered in the context of our audit of the accounting (financial) statements as a whole and when forming our opinion on these statements, and we do not express a separate opinion on these matters.

Assessment of Provision for Bad Debts

We specifically focused on the issue of determining the provision for bad debts because the estimation process is complicated and involves a high degree of judgement by management. The provision for bad debts is disclosed in Section II, Paragraph 11 and Section III, Paragraph 16 of the textual Notes to the Balance Sheet and the Income Statement and in the tabular Notes No. 5.1 and No. 5.2 to the Balance Sheet and the Income Statement.

Our audit procedures with respect to the management's assessment of the receivables impairment included:

- Identification of past due accounts receivable with indications of impairment;
- Review of the management's analysis into the likelihood of debt collection based on the assessment of debtors' solvency and any deterioration in their paying capacity at the reporting date;
- Assessment of other factors considered by management;
- Verification of completeness of disclosures in the accounting (financial) statements.

¹¹ Full accounting (financial) statements of TGC-1 for 2021 under the Russian Accounting Standards are available at the corporate website of TGC-1 <http://www.tgc1.ru/ir/reports/> and at the website where TGC-1 makes its disclosures: <http://www.e-disclosure.ru/portal/files.aspx?id=7263&type=3>

Other Information

The managing company, Limited Liability Company “Gazprom energoholding” (management), is responsible for other information. Other information includes information contained in the Annual Report and the Issuer’s Report for 2021, but does not include the accounting (financial) statements and our auditor’s report thereon. We expect that the 2021 Annual Report and Issuer’s Report will be provided to us after the issuance of this auditor’s report.

Our opinion on the accounting (financial) statements does not extend to other information and we will not express any opinion giving any kind of assurance in relation to such other information.

In connection with our audit of the accounting (financial) statements, our responsibility is to review the aforementioned other information when it is made available to us and to see whether there are any material inconsistencies between such other information and the accounting (financial) statements or our knowledge obtained in the audit, and whether such other information is otherwise potentially materially misstated.

If, upon reviewing the Annual Report and the Issuer’s Report for 2021, we come to a judgement that those contain any material misstatement, we are required to bring it to the notice of those responsible for corporate governance.

Responsibility of Management and Persons in Charge of Corporate Governance for Accounting (Financial) Statements

The managing company, Limited Liability Company “Gazprom energoholding”, is responsible for the preparation and fair presentation of the aforesaid accounting (financial) statements in accordance with the accounting (financial) reporting regulations established in the Russian Federation and for such internal controls as management considers adequate to produce accounting (financial) statements free from material misstatement, whether due to fraud or error.

In preparing the accounting (financial) statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and preparing the statements on a going concern basis, unless management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

Persons in charge of the corporate governance are responsible for supervising the preparation of the accounting (financial) statements of the Company.

Auditor’s Responsibility for the Audit of the Accounting (Financial) Statements

Our goal is to obtain reasonable assurance that the accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounting (financial) statements.

As part of the audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the accounting (financial) statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the accounting (financial) statements, including the disclosures, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the persons in charge of corporate governance with a statement that we have complied with all relevant ethical requirements regarding independence and have communicated to them all relationships and other matters that may reasonably be thought to bear on the auditor’s independence or, where applicable, the related safeguards.

From the matters communicated with those in charge of governance, we determine the matters that were of most significance in the audit of the accounting (financial) statements for the current period and, therefore, are the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Head of the audit engagement which resulted in issuance of this Independent Auditor’s Report, ORNZ (Primary Registration Number of Entry) 22006037171, acting on behalf of the audit firm by virtue of the Power of Attorney No. 76-01/2021-Yu dated 29.09.2021.

Audit Firm:

Joint Stock Company “Unicon” 125 Varshavskoye Highway, Bld. 1, Section 11, 3rd floor, Block I, Office 50, Moscow, Russia, 117587 ORNZ 12006020340

February 28, 2022

BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2021, RUB THOUSAND

Indicator	As of 31.12.2021	As of 31.12.2020	As of 31.12.2019
I. NON-CURRENT ASSETS			
Intangible assets	94,367	68,162	78,893
Results of Research & Development	162,087	64,429	83,922
Fixed assets	84,117,042	79,311,259	78,506,238
Financial contributions	20,237,139	17,739,739	17,739,739
Deferred tax assets	395,413	408,724	313,932
Other non-current assets	3,922,580	4,787,955	3,422,953
Total for Section I	108,928,628	102,380,268	100,145,677
II. CURRENT ASSETS			
Inventories	3,711,883	3,502,930	3,348,427
Value added tax on acquired assets	279,816	110,644	91,837
Accounts Receivable	15,891,010	16,383,943	16,565,184
Financial contributions (excluding cash equivalents)	10,720,348	14,729,665	10,918,972
Cash and cash equivalents	6,445	2,565	29,157
Other current assets	438,154	362,939	324,995
Total for Section II	31,047,656	35,092,686	31,278,572
BALANCE	139,976,284	137,472,954	131,424,249
III. EQUITY AND RESERVES			
Authorized capital (share capital, authorized fund, contributions by partners)	38,543,414	38,543,414	38,543,414
Own shares re-purchased from shareholders	-	-	-
Revaluation of non-current assets	9,327,482	9,561,883	9,587,544
Capital surplus (not revalued)	23,285,600	23,285,600	23,285,600
Reserve capital	1,927,171	1,927,171	1,927,171
Retained earnings (uncovered loss)	37,540,301	32,757,011	29,963,158
Total for Section III	110,623,968	106,075,079	103,306,887
IV. LONG-TERM LIABILITIES			
Borrowings	9,249,000	9,500,000	4,000,000
Deferred tax liabilities	3,988,444	4,255,932	4,448,579
Other liabilities	455,049	450,735	203,191
Total for Section IV	13,992,977	14,206,667	8,651,770
V. SHORT-TERM LIABILITIES			
Borrowings	3,658,636	3,400,650	8,911,594
Accounts payable	11,372,524	13,477,314	10,275,754
Estimated liabilities	309,496	313,244	278,244
Total for Section V	15,359,339	17,191,208	19,465,592
BALANCE	139,976,284	137,472,954	131,424,249

Income Statement for 2021, RUB thousand

Indicator	For 2021	For 2020
Revenue	97,672,889	84,158,198
Cost of sales	(85,884,848)	(74,190,248)
Gross profit (loss)	11,788,041	9,967,950
Commercial expenses	-	-
Administrative expenses	-	-
Profit (loss) from sales	11,788,041	9,967,950
Interest receivable	635,318	378,176
Interest payable	(449,197)	(322,100)
Other income	3,009,302	1,974,520
Other expenditures	(4,269,367)	(3,636,470)
Profit (loss) before tax	10,714,097	8,362,076
Profit tax, including:	(2,036,949)	(1,597,002)
Current profit tax	(2,373,026)	(1,904,409)
Deferred profit tax	254,177	287,439
Profit tax of past years	81,900	19,968
Other	(1,985)	(1,769)
Net profit (loss)	8,675,163	6,763,305
FOR REFERENCE:		
Result of revaluation of non-current assets not included in net profit (loss) for the period	-	-
Result of other operations not included in net profit (loss) for the period	-	-
Profit tax from other operations which result is not included into the net profit (loss) for the period	-	-
Consolidated financial result for the period	8,675,163	6,763,305
FOR REFERENCE:		
Basic earnings (loss) per share	0.00225	0.00176
Diluted earnings (loss) per share	-	-

APPENDIX 3.

2021 CONSOLIDATED FINANCIAL STATEMENTS OF TGC-1 AND AUDIT REPORT ISSUED BY INDEPENDENT AUDITOR¹²

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Public Joint Stock Company "Territorial Generating Company No.1"

Opinion

We have conducted an audit of the consolidated financial statements of Public Joint Stock Company "Territorial Generating Company No.1" (the Company) (OGRN (Primary State Registration Number 1057810153400) and its subsidiaries (hereinafter jointly referred to as the Group), which comprise Consolidated Statement of Financial Position as of December 31, 2021, Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, as well as the notes to the consolidated financial statements for 2021, including a review of key accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, as well as its consolidated financial results and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group as required by the ethical standards applicable to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were the most significant for our audit of the consolidated financial statements for the current period. These matters were considered in the context of our audit of the consolidated financial statements as a whole and when forming our opinion on these statements, and we do not express a separate opinion on these matters.

Assessment of Provision for Accounts Receivable Impairment

We specifically focused on the issue of determining the provision for expected credit losses because the estimation process is complicated and involves a high degree of judgement by management (Notes 2.4.2, 9 and 25.1 to the consolidated financial statements).

Our audit procedures with respect to the management's assessment of the receivables impairment included:

- verification of application of the expected credit loss model to the Group receivables;
- verification of trade receivables grouping based on the characteristics of overall credit risk, type of debt and overdue period;
- check of calculation of expected loss rates for receivables based on historical data;
- check of completeness and correctness of disclosures in the notes to the consolidated financial statements.

Assessment of fixed assets impairment

On each reporting date, the Group checks all items of fixed assets for signs of impairment and, if necessary, conducts appropriate testing. This annual impairment test is significant for our audit, as the impairment testing process is a complex process that implies making significant judgments by the management, and is based on assumptions that are influenced by forecasted future market and economic conditions, which are indefinite at their core.

Our audit procedures included verification of the initial data for testing and analyzing the cash flows, to which the impairment test results are most sensitive and which have the biggest effect on the recoverable value of fixed assets, as well as review of the adequacy of disclosures regarding impairment of fixed assets in the notes to the consolidated financial statements. For the audit, we engaged an expert to assist us in evaluating the assumptions and methodology used by the Group for the test.

The results of the impairment test and the key assumptions used are presented in Note 6 to the consolidated financial statements.

Other Information

The managing company, Gazprom energoholding LLC (management), is responsible for other information. Other information includes information contained in the Annual Report and the Issuer's Report for 2021, but does not include the consolidated financial statements and our auditor's report thereon. We expect that the 2021 Annual Report and Issuer's Report will be provided to us after the issuance of this auditor's report.

Our opinion on the consolidated financial statements does not apply to other information, and we will not provide any conclusion that provides assurance in any way regarding this information.

In connection with our audit of the consolidated financial statements, our responsibility is to review the aforementioned other information when it is made available to us and to see whether there are any material inconsistencies between such other information and the consolidated financial statements or our knowledge obtained in the audit, and whether such other information is otherwise potentially materially misstated.

If, upon reviewing the Annual Report and the Issuer's Report for 2021, we come to a judgement that those contain any material misstatement, we are required to bring it to the notice of those responsible for corporate governance.

Responsibility of Management and Persons in Charge of Corporate Governance for Consolidated Financial Statements

The managing company, Limited Liability Company "Gazprom energoholding", is responsible for the preparation and fair presentation of the aforesaid accounting consolidated financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management considers adequate to produce consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and preparing the statements on a going concern basis, unless management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

Persons in charge of the corporate governance are responsible for supervising the preparation of the consolidated financial statements of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our goal is to obtain reasonable assurance that the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

¹² Full consolidated financial statements of TGC-1 for 2021 under the International Financial Reporting Standards are available at the corporate website of TGC-1 <http://www.tgc1.ru/ir/reports/> and at the website where TGC-1 makes its disclosures: <http://www.e-disclosure.ru/portal/files.aspx?id=7263&type=4>

As part of the audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient and appropriate audit evidence relating to the financial information of the entities or activities within the Group to express our opinion on the consolidated financial statements. We are responsible for the management, control and audit of the Group. We remain solely responsible for our auditor's report.

We communicate with those in charge of governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the persons in charge of corporate governance with a statement that we have complied with all relevant ethical requirements regarding independence and have communicated to them all relationships and other matters that may reasonably be thought to bear on the auditor's independence or, where applicable, the related safeguards.

From the matters communicated with those in charge of governance, we determine the matters that were of most significance in the audit of the consolidated financial statements for the current period and, therefore, are the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Head of the audit engagement which resulted in issuance of this Independent Auditor's Report, ORNZ (Primary Registration Number of Entry) 22006037171, acting on behalf of the audit firm by virtue of the Power of Attorney No. 76-01/2021-Yu dated 29.09.2021.

Audit Firm:

Joint Stock Company "Unicon" 125 Varshavskoye Highway, Bld. 1, Section 11, 3rd floor, Block I, Office 50, Moscow, Russia, 117587, ORNZ 12006020340

March 9, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021, RUB THOUSAND

	Note	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Fixed assets	6	154,637	151,135
Investment property		113	139
Intangible assets	7	4,063	3,859
Investments in associates	8	460	436
Accounts receivable and advances	9	1,267	1,391
Deferred tax assets	10	841	140
Total non-current assets		161,381	157,100
Current assets			
Inventories	12	3,980	3,728
Accounts receivable and advances	9	15,832	14,057
Profit tax receivable		115	49
Cash and cash equivalents	13	2,653	1,036
Financial assets	11	10,852	14,817
Total current assets		33,432	33,687
Total assets		194,813	190,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021, RUB THOUSAND (CONTINUATION)

	Note	December 31, 2021	December 31, 2020
CAPITAL AND LIABILITIES			
Capital			
Authorized capital	14	38,543	38,543
Share premium	14	22,914	22,914
Accumulated profit and other reserves		70,576	66,803
Capital due to shareholders of TGC-1		132,033	128,260
Non-controlling interest		13,150	10,698
Total capital and reserves		145,183	138,958
Long-term liabilities			
Loans and borrowings	15	12,347	9,500
Employee remuneration liabilities	16	930	1,166
Accounts payable and other liabilities	17	432	444
Lease liabilities		4,655	5,245
Estimated liabilities		300	-
Deferred tax liabilities	10	10,472	10,228
Total long-term liabilities		29,136	26,583
Short-term liabilities			
Loans and borrowings	15	4,906	7,747
Accounts payable and other liabilities	17	13,228	12,897
Profit tax payable		55	747
Other taxes payable	19	1,089	1,557
Lease liabilities		1,216	2,298
Total short-term liabilities		20,494	25,246
Total liabilities		49,630	51,829
Total equity and liabilities		194,813	190,787

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021, RUB THOUSAND

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue	20	102,280	88,889
Operating expenses	21	(93,023)	(76,913)
Loss reversal / (loss) on impairment of financial assets	25	256	(1,152)
Profit from operating activities		9,513	10,824
Financial income	22	613	570
Finance expenses	22	(1,261)	(1,174)
Share in profit of associates	8	24	15
Profit before tax		8,889	10,235
Profit tax expenses	10	(1,775)	(1,982)
Profit for a period		7,114	8,253
Other comprehensive income for a period: Items that will not be subsequently reclassified to profit or loss: Revaluation of employee remuneration liabilities		238	27
Other comprehensive income for a period		238	27
Comprehensive income for a period		7,352	8,280
Profit for a period due to:		7,114	8,253
Shareholders of TGC-1		6,606	8,062
Non-controlling interest		508	191
Comprehensive income for a period due to:		7,352	8,280
Shareholders of TGC-1		6,837	8,086
Non-controlling interest		515	194
Basic earnings per share attributable to the shareholders of TGC-1 (in Russian rubles)	23	0.0017	0.0021

APPENDIX 4.

REPORT ON TGC-1 COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE IN 2021 (HEREINAFTER, THE CODE)

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
1.1	THE COMPANY SHALL ENSURE THAT ALL SHAREHOLDERS ARE TREATED EQUALLY AND FAIRLY IN EXERCISING THEIR RIGHT TO PARTICIPATE IN THE MANAGEMENT OF THE COMPANY.	
1.1.1	The Company creates the most favorable conditions for shareholders to participate in the general meeting; conditions for developing a justified position on items of the general meeting agenda; coordination of their activities; and the opportunity to express their opinions on the issues under consideration.	1. The Company provides an accessible way for communicating with the Company, such as a hotline, email or Internet forum, enabling shareholders to express their opinions and direct questions concerning the agenda in the course of preparation for the general meeting. The aforementioned communication methods were organized by the Company and made available to shareholders in the course of preparation for each general meeting held during the reporting period.
1.1.2	The procedure for giving a notice of a General Meeting and providing materials therefor enables shareholders to properly prepare for participation in the meeting.	1. During the reporting period, the notice of the General Meeting of Shareholders was posted (published) on the Company's website no later than 30 days prior to a date of the General Meeting, unless a longer period is provided for by the applicable legislation. 2. The meeting notice specifies documents required for admission to the venue. 3. Shareholders were provided with access to information about who proposed the agenda items and who nominated the candidates for the Board of Directors and the Audit Commission of the Company (if establishment thereof is provided for by the Company's Charter).
1.1.3	In the course of preparation and holding of the General Meeting, shareholders were able to receive information and materials about the meeting, ask questions to the Company's executive bodies and members of the Board of Directors, and communicate with each other in an unhindered and timely manner.	1. In the reporting period, shareholders were given the opportunity to ask questions to members of the Company's executive bodies and members of the Board of Directors in the course of the preparation for and holding of the General Meeting. 2. The position of the Board of Directors (including dissenting opinions recorded in the minutes, if any) on each agenda item of the General Meetings held during the reporting period was included in the materials for the General Meeting. 3. The Company provided eligible shareholders with access to the list of persons entitled to attend the General Meeting, starting from the date when it was received by the Company, on all occasions when the General Meetings were held during the reporting period.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Complied with 2. Complied with 3. Complied with	-
1. Complied with 2. Partially complied with 3. Complied with	2. In the reporting year, one General Meeting of the Company's shareholders was held in absentia. The materials for the General Meeting of Shareholders included the position (recommendations) of the Board of Directors on all agenda items, except for the election of members to the Board of Directors and the Audit Commission of the Company, as well as on payment of remuneration and compensation to members of the Board of Directors of the Company. At present, the Charter and internal documents of the Company do not include recommendations to the General Meeting of Shareholders on the above matters in the scope of competence of the Board of Directors. At the same time, the materials for the General Meeting included information about candidates to the Company's Board of Directors, as well as information about eligibility of candidates to the Board of Directors according to the requirements established for independent directors; information about the person (group of persons) who nominated the candidate; information about the experience and biography of candidates to the Board of Directors and other information necessary for shareholders to arrive at their decision during the voting. In 2021, it was the Company's practice for the Human Resources and Remuneration Committee to evaluate candidates to the Board of Directors in terms of their professional qualifications, experience, and business skills. The results of such evaluation are provided to shareholders as part of the materials for the annual General Meeting of Shareholders.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
1.1.4	The exercise of shareholders' right to demand convocation of a general meeting, to nominate candidates to the governing bodies and to submit proposals for inclusion on the General Meeting agenda was not associated with needless complexity.	1. The Company's Charter establishes a deadline for shareholders to submit proposals for inclusion on the Annual General Meeting agenda, which shall be at least 60 days after the end of the corresponding calendar year. 2. During the reporting period, the Company did not refuse to accept proposals to be included on the agenda or nominations to the Company's bodies due to misprints or other minor defects in shareholder's proposal.
1.1.5	Each shareholder was able to exercise their voting rights in the easiest and most convenient way possible.	1. The Company's Charter provides for the opportunity of filling out the electronic ballot form on the website indicated in the notice of the General Meeting of Shareholders.
1.1.6	The procedure for holding the General Meeting established by the Company ensures that all persons present at the meeting have an equal opportunity to express their opinions and ask questions they are interested in.	1. When General Meetings of Shareholders were held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items and time for discussion of these issues, and shareholders were given the opportunity to express their opinions and ask questions on the agenda they were interested in. 2. The Company invited candidates to the governing and control bodies of the Company and took all necessary measures to ensure their participation in the General Meeting of Shareholders, at which their nominations were put to a vote. The nominees to the governing and control bodies of the Company present at the General Meeting of Shareholders were available to answer questions from shareholders. 3. The sole executive body, the accounting officer, the chairman or other members of the Audit Committee under the Board of Directors were available to answer questions from shareholders at the General Meetings of Shareholders held during the reporting period. 4. In the reporting period, the Company used telecommunication means for shareholders' remote access to participate in the General Meetings, or the Board of Directors made a reasonable decision that it was not necessary (possible) to use such means in the reporting period.
1.2 SHAREHOLDERS ARE PROVIDED WITH AN EQUAL AND FAIR OPPORTUNITY TO PARTICIPATE IN THE COMPANY'S PROFITS THROUGH THE PAYOUT OF DIVIDENDS		
1.2.1	The Company developed and implemented a transparent and clear mechanism for determining the size of dividends and for their payout.	1. The Company's Regulations on Dividend Policy have been approved by the Board of Directors and disclosed on the Company's website. 2. If the dividend policy of the Company preparing consolidated financial statements uses the Company's financial statements to determine the amount of dividends, the relevant provisions of the dividend policy take into account the consolidated financial statements. 3. Justification of proposed distribution of net profit, including payment of dividends and the Company's own needs, and assessment of its compliance with the dividend policy adopted by the Company, with explanations and economic substantiation of the need to direct a certain part of net profit to its own needs in the reporting period were included in the materials for the General Meeting of Shareholders, the agenda of which includes an item on profit distribution (including payout (declaration) of dividends).

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
2. Complied with	-
1. Complied with	-
1. Complied with	1. At the Company's meetings held in presentia, there shall be sufficient time to report on items on the agenda and time to discuss those items. All persons present at the meeting are given the opportunity to express their opinions and ask questions of their interest. In the reporting year, no meetings in presentia were held, and one General Meeting of Shareholders was held in absentia. The decision to hold a meeting of shareholders in absentia was made in connection with the pandemic. In accordance with Article 2 of Federal Law No. 17-FZ of February 24, 2021, the legal requirement for a General Meeting of Shareholders to be held in presentia was suspended until December 31, 2021. After the pandemic ends, the Company is planning to hold the Annual General Meetings of Shareholders in presentia. When the General Meetings of Shareholders are held in presentia, the Company sends out invitations to all candidates for the governing bodies to take part in the meeting, thus giving the candidates an opportunity to be present for answering questions. 2. In the reporting year, the General Meeting of Shareholders was held in absentia due to restrictions caused by the pandemic over a new coronavirus infection. At the same time, shareholders had access to various means of communication with the Company, including telephone and email, enabling them to send questions through the Company to candidates for election to the Board of Directors. Pursuant to the Regulations on the General Meeting of Shareholders of TGC-1, when the General Meeting of Shareholders is held in presentia, candidates nominated for election to the Board of Directors, as well as representatives of the external auditor, have the right to attend the meeting as invitees. An invitation to the General Meeting of Shareholders shall be sent to these persons at least 20 days prior to a date of the meeting. In the meeting materials, the Company also discloses necessary information about the candidates' qualifications and work background to enable shareholders to make an informed decision. The Company is planning to follow this practice in future.
2. Partially complied with	
3. Complied with	
4. Complied with	
1. Complied with	2. Under the Dividend Policy of TGC-1, approved on December 14, 2017, and the Russian laws, the dividends are payable from the Company's profit after tax (net profit) as assessed under the Russian Accounting Standards (RAS). The Company's accounting statements prepared under RAS are not consolidated. The consolidated statements of the Company are prepared under IFRS. When preparing recommendations on the size of dividends, the Board of Directors relies on the Company's consolidated financial statements under IFRS, with subsequent recalculation to RAS values. The Regulations on the Dividend Policy stipulate the following principles for calculating dividends: transparency of the mechanism for determining the amount of dividends; balance of short-term (income generation) and long-term (Company development) interests of shareholders; focus on increasing the investment attractiveness and capitalization of the Company. The Company discloses on its website the amount of dividends paid as a percent of its net profit, determined based on the consolidated financial statements: https://www.tgc1.ru/ir/securities/dividends/ The Company regularly considers the opportunity of improving its Dividend Policy, including the dividend calculation procedure. It is planned to consider the possibility of making amendments to the Dividend Policy of the Company in 2022.
2. Partially not complied with	
3. Complied with	

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
1.2.2	The Company does not decide on payment of dividends if such a decision, while not formally violating the restrictions prescribed by legislation, is economically unreasonable and may lead to false perceptions of the Company's activities.	1. The Regulations on Dividend Policy of the Company, in addition to restrictions imposed by legislation, define the financial/economic circumstances under which the Company may decide not to pay dividends.
1.2.3	The Company does not allow the dividend rights of existing shareholders to deteriorate.	1. During the reporting period, the Company did not take any actions leading to deterioration of the dividend rights of existing shareholders.
1.2.4	The Company strives to exclude the use by shareholders of any ways of obtaining profit (income) at the expense of the Company, other than dividends and liquidation value.	1. During the reporting period, no other ways were used for entities controlling the Company to receive profit (income) at the Company's expense other than dividends (e.g. through transfer pricing, unjustified rendering of services to the Company by a controlling entity at inflated prices, through internal loans substituting dividends to a controlling entity and/or its controlled entities).
1.3 THE CORPORATE GOVERNANCE SYSTEM AND PRACTICES ENSURE EQUAL CONDITIONS FOR ALL SHAREHOLDERS OWNING SHARES OF THE SAME CATEGORY (TYPE), INCLUDING MINORITY AND FOREIGN SHAREHOLDERS, AS WELL AS THEIR EQUAL TREATMENT BY THE COMPANY.		
1.3.1	The Company created conditions for fair treatment of each shareholder by the governing bodies and controlling entities of the Company, including conditions ensuring that abuse by major shareholders against minority shareholders is inadmissible.	1. During the reporting period, the Company's controlling entities did not abuse their rights in relation to the Company's shareholders; there were no conflicts between the Company's controlling entities and the Company's shareholders; and, if any, the Board of Directors gave due consideration thereto.
1.3.2	The Company does not undertake actions that result or may result in artificial redistribution of corporate control.	1. Quasi-treasury shares are not available or were not voted during the reporting period.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Partially complied with	The Regulations on Dividend Policy of TGC-1 do not define financial/economic circumstances under which the Company may decide not to pay dividends. Herewith, subject to para. 3.4. of the Company's Dividend Policy, when calculating the amount of dividends, the following principles are observed: - transparency of the mechanism for determining the amount of dividends; - maintaining a balance between short-term (income generation) and long-term (Company development) interests of shareholders; - focus on improving the investment appeal and capitalization of the Company. The Company has the right to make a decision on (declare) the payout of dividends on shares and pay the dividends subject to the restrictions established by Article 43 of the Federal Law "On Joint-Stock Companies". The Company is looking into the possibility of improving its Dividend Policy, including in the part of specifying the financial/economic circumstances under which the Company shall decide not to pay dividends, as well as establishing certain economic activity facts for which the amount of net profit shall be adjusted prior to calculating the size of dividends. Relevant amendments will be made to the Company's Dividend Policy in the first half of 2022.
1. Complied with	-
1. Partially complied with	1. The Company communicates with counterparties in order to obtain information on the chain of owners, including beneficiaries (including ultimate beneficiaries), and/or on the composition of executive bodies of the counterparty, aimed at timely identification and resolution of any conflict of interest when concluding and performing contracts. The Company's internal documents do not provide for a mechanism of submitting transactions that are not formally recognized as related-party transactions to the Board of Directors for consideration. At the same time, the Company's Charter contains a broad list of transactions that require the approval of the management bodies. The Company considers this practice to be sufficient.
1. Complied with	-
1. Complied with	-

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
1.4	SHAREHOLDERS ARE PROVIDED WITH RELIABLE AND EFFICIENT MEANS OF RECORDING THEIR RIGHTS TO SHARES, AS WELL AS THE OPPORTUNITY TO DISPOSE OF THEIR SHARES IN A FREE AND UNHINDERED MANNER.	
1.4.1	Shareholders are provided with reliable and efficient means of recording their rights to shares, as well as the opportunity to dispose of their shares in a free and unhindered manner.	1. The technology and terms of services used by the Company's Registrar meet the needs of the Company and its shareholders and ensure that shareholder rights are recorded and exercised most efficiently.
2.1	THE BOARD OF DIRECTORS CARRIES OUT STRATEGIC MANAGEMENT OF THE COMPANY, DETERMINES THE BASIC PRINCIPLES OF AND APPROACHES TO THE ORGANIZATION OF THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM, CONTROLS THE ACTIVITY OF THE COMPANY'S EXECUTIVE BODIES, AND PERFORMS OTHER KEY FUNCTIONS.	
2.1.1	The Board of Directors is responsible for decisions related to appointment and dismissal of executive bodies, including in relation to improper performance of their duties. The Board of Directors also oversees that the Company's executive bodies act in accordance with the approved development strategy and core activities of the Company.	1. The Board of Directors has the powers enshrined in the Charter to appoint, dismiss and determine the terms of contracts in relation to members of the executive bodies. 2. During the reporting period, the Nomination (Appointment, Human Resource) Committee considered whether professional qualifications, skills and background of the members of the executive bodies meet the Company's current and anticipated needs as determined by the approved strategy of the Company. 3. The Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on implementation of the Company's strategy.
2.1.2	The Board of Directors establishes the main long-term targets for the Company; evaluates and approves the key performance indicators and key business goals of the Company; and evaluates and approves the strategy and business plans for the main lines of the Company's activity.	1. During the reporting period, the meetings of the Board of Directors considered issues related to implementation and updating of the strategy, approval of the financial and business plan (budget) of the Company, and review of the criteria and indicators (including intermediate ones) for implementation of the Company's strategy and business plans.
2.1.3	The Board of Directors determines the principles of and approaches to organizing the Company's risk management and internal control system.	1. The principles and approaches to the organization of the Company's risk management and internal control system have been defined by the Board of Directors and are enshrined in the Company's internal documents that define the risk management and internal control policy. 2. In the reporting period, the Board of Directors approved (revised) an acceptable level of risks (risk appetite) of the Company, or the Audit Committee and/or Risk Committee, if any, considered the reasonability of submitting the issue of revising the Company's risk appetite for consideration of the Board of Directors.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Complied with 2. Partially complied with 3. Complied with	By resolution of the extraordinary Annual General Meeting of Shareholders of TGC-1 dated September 27, 2019, the powers of the Sole Executive Body were assigned to the managing organization – Gazprom Energoholding LLC. The General Director of the managing company is a member of the Board of Directors of the Company. In the reporting period, the HR and Remuneration Committee under the Board of Directors did not review the issue of whether the professional qualifications, skills and experience of the members of executive bodies are adequate to the current and expected demands of the Company arising out of the approved strategy of the Company, since in the opinion of the Company the assessment under this criterion is not applicable to a legal entity. However, during the reporting period, the Company carried out a detailed performance assessment of the members of the Board of Directors as part of the process for recognizing the members of the Board of Directors as being independent. An analysis was performed to determine whether candidates to the Board of Directors of TGC-1 are eligible for election at the Annual General Meeting of TGC-1 shareholders reviewing the results of 2021 in terms of their professional qualifications, experience, business skills and independence criteria. The Company strives to adhere to the best Russian and international corporate governance practices and plans to continue working towards full compliance with this criterion of the Code.
1. Complied with	-
1. Complied with 2. Not complied with	2. In the reporting period, the Company developed Methodological Recommendations on determining the tolerable risk level, which set forth the approach to calculating the threshold and maximum tolerable risk levels for the Company in terms of the impact on the financial and economic indicators, environment, life and health of people and good will. In 2022, the Company is planning to submit the developed Methodological Recommendations to the Board of Directors for approval.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.1.4	The Board of Directors determines the Company's policy on remuneration and/or reimbursement of expenses (compensation) to members of the Board of Directors, executive bodies and other key senior officials of the Company.	1. The Company has developed, got approved by the Board of Directors and implemented the policy (policies) on remuneration and reimbursement of expenses (compensation) to members of the Board of Directors, executive bodies of the Company and other key senior officials of the Company. 2. During the reporting period, the Board of Directors reviewed issues related to the aforementioned policy (policies).
2.1.5	The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company's bodies, shareholders and employees.	1. The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The Company has established a system for identifying transactions involving conflicts of interest and a system of measures aimed to resolve such conflicts.
2.1.6	The Board of Directors plays a key role in ensuring the Company's transparency, timely and full disclosure of information by the Company, and unhindered access of shareholders to the Company's documents.	1. The Company's internal documents define the persons responsible for the implementation of the Information Policy.
2.1.7	The Board of Directors exercises control over the Company's corporate governance practices and plays a key role in the Company's significant corporate events.	1. During the reporting period, the Board of Directors reviewed the results of self-assessment and/or an external evaluation of the Company's corporate governance practices.
2.2 THE BOARD OF DIRECTORS IS ACCOUNTABLE TO THE COMPANY'S SHAREHOLDERS.		
2.2.1	Information on the activity of the Board of Directors is disclosed and made available to shareholders.	1. The Company's Annual Report for the reporting period includes information on the attendance of the Board's and committees' meetings by each director. 2. The Annual Report contains information on the main results of the assessment (self-assessment) of the Board of Directors' performance in the reporting period.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with 2. Complied with	-
1. Complied with 2. Complied with	-
1. Complied with	-
1. Not complied with	1. The Board of Directors plays a key role in significant corporate events of the Company. In the reporting period, the Board of Directors did not separately consider the issue of corporate governance practices in the Company, since this issue does not fall within the scope of competence of the Board of Directors of the Company, but the assessment of corporate governance practices in the Company was carried out within the below section of the Annual Report for 2020: Corporate Governance Principles and Practices. During the reporting period, the Company carried out a detailed performance assessment of the members of the Board of Directors as part of the process for recognizing the members of the Board of Directors as being independent. An analysis was performed to determine whether candidates to the Board of Directors of TGC-1 are eligible for election at the Annual General Meeting of TGC-1 shareholders reviewing the results of 2020 in terms of their professional qualifications, experience, business skills and independence criteria. In 2022-2023, the Company is planning to submit to the Board of Directors for review the results of a self-assessment and/or an external assessment of corporate governance practices at the Company, provided that relevant adjustment is made to the scope of competence of the Board of Directors.
1. Complied with 2. Not complied with	2. The Annual Report contains partial information on the results of the performance assessment of the Board of Directors in the reporting period. During the reporting period, the Company carried out a detailed performance assessment of all members of the Board of Directors as part of the process for recognizing the members of the Board of Directors as being independent. In addition, an analysis was performed to determine whether candidates to the Board of Directors of TGC-1 are eligible for election at the Annual General Meeting of TGC-1 shareholders reviewing the results of 2020 in terms of their professional qualifications, experience, business skills and independence criteria. The Annual Report contains information on the number of meetings attended by each member of the Board of Directors, as well as information on the Company's priority areas of activity, which determination falls within the remit of the Board of Directors, and the progress reached by the Company in these areas, which can serve as an indirect assessment of the Board of Directors' performance. The 2021 Annual Report has expanded the information on the results of the Board of Directors' performance assessment to include the analysis of issues reviewed by the Company's Board of Directors.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.2.2	The Chairman of the Board of Directors is available to communicate with the Company's shareholders.	1. The Company has a transparent procedure in place to ensure that shareholders are able to provide information to and receive feedback from the Chairman (and, where applicable, the Senior Independent Director).
2.3	THE BOARD OF DIRECTORS IS THE COMPANY'S EFFECTIVE AND PROFESSIONAL GOVERNING BODY CAPABLE OF MAKING UNBIASED, INDEPENDENT JUDGEMENTS AND DECISIONS THAT ARE IN THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.	
2.3.1	Only persons who have an impeccable business and personal reputation and who have the knowledge, skills and background necessary to make decisions falling within the scope of competence of the Board of Directors and required to perform its functions effectively shall be elected as members of the Board of Directors.	1. During the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates for the Board of Directors in terms of their required experience, knowledge, business reputation, absence of conflict of interest, etc.
2.3.2	Members of the Company's Board of Directors are elected through a transparent procedure that enables shareholders to obtain sufficient information about the candidates in order to have a perception of their personal qualities and professional background.	1. In all cases when the General Meeting of Shareholders was held in the reporting period, the agenda of which included issues associated with election of the Board of Directors, the Company provided shareholders with background information on all candidates to the Board of Directors, the results of the assessment of the candidates' professional qualifications, experience and skills in relation to the Company's current and expected needs conducted by the Board of Directors (or its Nomination Committee), and information on a candidate's compliance with independence criteria according to recommendations 102 - 107 of the Code, as well as information on the presence of written consent of the candidates for election to the Board of Directors.
2.3.3	The composition of the Board of Directors is well balanced, including in terms of qualifications of its members, their background, knowledge and business qualities, and enjoys the confidence of shareholders.	1. During the reporting period, the Board of Directors analyzed its own needs in the area of professional qualifications, experience and skills and identified the competencies needed by the Board of Directors in the short and long terms.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Partially complied with	1. In the reporting period, an analysis was performed to determine whether candidates to the Board of Directors of TGC-1 are eligible for election at the Annual General Meeting of TGC-1 shareholders reviewing the results of 2020 in terms of their professional qualifications, experience, business skills and independence criteria. However, all members of the Company's Board of Directors have considerable experience in management positions, and many of them – in the energy sector. Collectively, the members of the Company's Board of Directors have a wide array of professional competencies and management expertise. During the reporting period, the Company carried out a detailed performance evaluation, including assessment of professional qualifications of the members of the Board of Directors, as part of reviewing the issue of recognizing members of the Company's Board of Directors as independent.
1. Complied with	-
1. Not complied with	1. All members of the Company's Board of Directors have considerable experience in management positions, and many of them – in the energy sector. Collectively, the members of the Company's Board of Directors have a wide array of professional competencies and management expertise. In 2021, the HR and Remuneration Committee under the Board of Directors of TGC-1 reviewed eligibility of candidates to the Board of Directors in terms of their professional qualifications, experience, business skills and independence criteria for election at the Annual General Meeting of Shareholders of TGC-1. The assessment results are included in the materials for the Annual General Meeting of Shareholders. The Company's shareholders carry out substantial work in preparation for the General Meeting of Shareholders to nominate candidates and subsequently form a Board of Directors that is as balanced as possible in terms of professional qualifications, background and business skills of its members. The positive performance of the Company, among other things, testifies to the effective work of its Board of Directors. In 2022-2023, the Company plans to implement the Methodological Recommendations on Organizing and Conducting Self-Assessment of the Board of Directors' Performance in Public Joint-Stock Companies prepared by the Bank of Russia, and also to add this clause of the Code to the Company's internal documents.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.3.4	The quantitative composition of the Company's Board of Directors makes it possible to organize its activities in the most efficient way, including the possibility to form committees under the Board of Directors, and enable significant minority shareholders of the Company to elect a candidate for whom they vote to the Board of Directors.	1. During the reporting period, the Board of Directors considered whether the number of members of the Board of Directors met the needs of the Company and the interests of its shareholders.
2.4 THERE IS A SUFFICIENT NUMBER OF INDEPENDENT DIRECTORS ON THE BOARD OF DIRECTORS.		
2.4.1	An independent director is a person who has sufficient professionalism, background and independence to form their own position and who is able to make unbiased and fair judgements, not in any way affected by the Company's executive bodies, certain groups of shareholders or other interested parties. It should be taken into account that a candidate (elected member of the Board of Directors) who is related to the Company, its significant shareholder, significant counterparty or competitor of the Company, or is related to the government, may not be considered independent under normal circumstances.	1. During the reporting period, all independent members of the Board of Directors met all independence criteria specified in recommendations 102 - 107 of the Code, or were recognized as independent by resolution of the Board of Directors.
2.4.2	Candidates to the Board of Directors are assessed for compliance with the independence criteria, and the compliance of independent Board members with the independence criteria is reviewed on a regular basis. In conducting such an assessment, content prevails over form.	1. During the reporting period, the Board of Directors (or the Nominations Committee under the Board of Directors) formed an opinion on the independence of each candidate to the Board of Directors and submitted the relevant opinion to shareholders. 2. During the reporting period, the Board of Directors (or the Nominations Committee under the Board of Directors) had at least one review of independence of the current members of the Board of Directors, who were declared as independent in the Company's Annual Report. 3. The Company has procedures in place to determine the necessary actions to be undertaken by a member of the Board of Directors if they cease to be independent, including obligations to advise the Board of Directors thereof in a timely manner.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Not complied with	1. The Company has not adopted the methodology for assessing performance of the Board of Directors. Pursuant to the Federal Law "On Joint-Stock Companies", Article 66, Clause 3, paragraph 2, the number of members on the Company's Board of Directors may not be less than nine for a joint-stock company with a number of shareholders holding voting shares in excess of ten thousand. In accordance with the Charter of the Company, the Board of Directors of the Company consists of 11 members. This size of the Board of Directors complies with legal requirements, is consistent with the best Russian and international practices, and corresponds to the scale of business and the structure of the Company's share capital. All members of the Company's Board of Directors have considerable experience in management positions, and many of them – in the energy sector. Collectively, the members of the Company's Board of Directors have a wide array of professional competencies and management expertise. The many years of successful practice of the Company's Board of Directors in its current quantitative composition demonstrate that it meets the needs of the Company and the interests of its shareholders. The Board of Directors consists of representatives of majority and substantial minority shareholders, as well as independent directors. The Company, at its current stage of development, considers the number of members of the Board of Directors to be optimal. In 2022-2023, the Company plans to implement the Methodological Recommendations on Organizing and Conducting Self-Assessment of the Board of Directors' Performance in Public Joint-Stock Companies issued by the Bank of Russia.
1. Partially complied with	1. In accordance with the Charter of the Company, the Board of Directors of the Company consists of 11 members. The Board of Directors elected by the Annual General Meeting of Shareholders on June 18, 2021 included 3 directors who were recognized as independent by Resolution of the Board of Directors of the Company No. 6 dated August 04, 2021. In accordance with the applicable law and the Company's Charter, the right to nominate candidates to the Board of Directors of the Company and to elect them is vested in the shareholders of the Company. When the requests are sent to the shareholders to nominate candidates for election to the Board of Directors of TGC-1, the Company draws their attention to the requirement that the nominees shall meet the Code's eligibility criteria. In addition, shareholders are provided with information on legal requirements to the composition of the Board of Directors, as well as on the requirements and recommendations of the regulator of the securities market, where the Company's securities are traded, and consequences of non-compliance. The Company is planning to continue its efforts toward electing the optimum number of independent directors to the Board of Directors in accordance with the recommendations of the Code and the existing structure of the share capital.
1. Complied with	-
2. Complied with	
3. Complied with	

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.4.3	Independent directors shall constitute at least one third of the elected composition of the Board of Directors.	1. Independent directors shall constitute at least one third of the composition of the Board of Directors.
2.4.4	Independent directors play a key role in preventing internal conflicts in the Company and significant corporate actions by the Company.	1. Independent directors (who had no conflicts of interest) in the reporting period made a preliminary assessment of significant corporate actions involving possible conflicts of interest, and the results of such assessment were provided to the Board of Directors.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Partially complied with	1. In accordance with the Charter of the Company, the Board of Directors of the Company consists of 11 members. The Board of Directors elected by the Annual General Meeting of Shareholders on June 22, 2020 and the Board of Directors elected by the Annual General Meeting of Shareholders on June 18, 2021 included 3 directors who were recognized as independent by resolution of the Company’s Board of Directors. In accordance with the applicable law and the Company’s Charter, the right to nominate candidates to the Board of Directors of the Company and to elect them is vested in the shareholders of the Company. When the requests are sent to the shareholders to nominate candidates for election to the Board of Directors of TGC-1, the Company draws their attention to the requirement that the nominees shall meet the Code’s eligibility criteria. In addition, shareholders are provided with information on legal requirements to the composition of the Board of Directors, as well as on the requirements and recommendations of the regulator of the securities market, where the Company’s securities are traded, and consequences of non-compliance. During the reporting period, the Human Resources and Compensation Committee of the Board of Directors reviewed the issue of recommendations to shareholders with respect to voting on candidates to the Company’s Board of Directors, taking into account information on the candidates’ eligibility based on the requirements applicable to independent directors. The Company is planning to continue its efforts toward electing the optimum number of independent directors to the Board of Directors in accordance with the recommendations of the Code and the existing structure of the share capital; however, it is not possible to influence the decision of shareholders on the nomination of certain candidates.
1. Partially complied with	1. The Budget Planning and Investment Committee under the Board of Directors includes all independent directors who are able to evaluate major corporate actions within the Committee. However, the competence of the Budget Planning and Investment Committee does not include all major actions stipulated by the Code (it does not include acquisition of 30% or more of the Company’s shares, reduction in the authorized capital, listing and de-listing). The independent directors serving on the Board of Directors shall provide to the Board of Directors the results of evaluation of major corporate actions related to a possible conflict of interest by submitting a written opinion to the Chairman of the Board of Directors of the Company. The written opinion is submitted on a voluntary basis. If it is available, it shall be attached to the Minutes of the meeting of the Company’s Board of Directors. All members of the Board of Directors express their opinion on the issues under consideration by voting. Each member of the Company’s Board of Directors has one vote. Resolutions are adopted by a majority vote of the members of the Company’s Board of Directors attending the meeting, unless otherwise stipulated by the Federal Law “On Joint-Stock Companies” and the Company’s Charter. In order to make unbiased decisions, the Company management prepares materials for the members of the Board of Directors on each issue under consideration, including information on persons interested in transactions and grounds for their interest. The Regulations on the Company’s Board of Directors establish the duty of the members of the Board of Directors to make justified decisions. All issues submitted to the Board of Directors for review are first reviewed by the dedicated committees under the Board of Directors, and the Board of Directors is provided with a report on each agenda item. In accordance with the best Russian and international corporate governance practices and recommendations of the Code, independent members of the Board of Directors were elected as Chairmen of the Audit Committee and the HR and Remuneration Committee. In accordance with the Regulations on the above Committees, in the event of a tie vote, the Chairman of the committee has the casting vote. The Company considers this practice to be optimal and sufficient.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.5	THE CHAIRMAN OF THE BOARD OF DIRECTORS ENSURES THE MOST EFFECTIVE DISCHARGE OF FUNCTIONS ASSIGNED TO THE BOARD OF DIRECTORS.	
2.5.1	As the Chairman of the Board of Directors an independent director has been elected or a senior independent director has been appointed from among the elected independent directors to coordinate the work of independent directors and interact with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director, or a senior independent director has been identified among the independent directors. 2. The role, rights and duties of the Chairman of the Board of Directors (and, where applicable, the senior independent director) are properly defined in the Company's internal documents.
2.5.2	The Chairman of the Board of Directors ensures a constructive atmosphere at meetings, free discussion of issues on the agenda of a meeting and control over the implementation of decisions made by the Board of Directors.	1. The effectiveness of the work of the Chairman of the Board of Directors was assessed as part of the procedure for the Board of Directors' performance assessment (self-assessment) in the reporting period.
2.5.3	The Chairman of the Board of Directors undertakes the necessary measures for timely provision of the members of the Board of Directors with information required for adoption of decisions on agenda items.	1. The obligation of the Chairman of the Board of Directors to undertake measures to ensure timely provision of complete and reliable information to members of the Board of Directors on agenda items of the Board of Directors' meeting is enshrined in the Company's internal documents.
2.6	THE MEMBERS OF THE BOARD OF DIRECTORS SHALL ACT IN GOOD FAITH AND REASONABLY IN THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS ON THE BASIS OF SUFFICIENT INFORMATION AND WITH DUE CARE AND DILIGENCE.	
2.6.1	Members of the Board of Directors make decisions taking into account all available information, in the absence of a conflict of interest, based on the principle of equal treatment of the Company's shareholders, with exposure to risk within the ordinary limits.	1. The Company's internal documents stipulate that a member of the Board of Directors shall be obliged to notify the Board of Directors if they have a conflict of interest in relation to any item on the agenda of a meeting of the Board of Directors or a committee under the Board of Directors before the discussion of the relevant agenda item. 2. The Company's internal documents stipulate that a member of the Board of Directors shall abstain from voting on any issue in which they have a conflict of interest. 3. The Company has established a procedure that enables the Board of Directors to obtain professional advice on matters falling within the scope of its competence at the Company's expense.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Not complied with 2. Complied with	1. The Chairman of the Board of Directors is not an independent director, and a senior independent director has not been identified among the independent directors. In accordance with the Company's Charter, the Chairman of the Board of Directors is elected by a resolution of the Board of Directors adopted by a majority vote of the members of the Board of Directors attending the meeting. The Chairman of the Board of Directors has not been currently recognized as independent according to the Code's criteria, but the authority of the candidate elected to this position has been confirmed by the fact that he was elected unanimously by all members of the Board of Directors, including all independent directors. The Company strives to adhere to the best Russian and international corporate governance practices and comply with the recommendations of the Code. The role, rights and obligations of the Chairman of the Board of Directors are specified in Article 21 of the Charter and Article 6 of the Regulations on the Board of Directors of the Company. In view of the above, the Company believes that the risks of non-compliance with this criterion are minimal, and the current practice is optimal in the medium term.
1. Not complied with	1. In accordance with the provisions of the Company's Charter, Article 21, Clause 21.2, the Chairman of the Board of Directors of the Company shall organize its work, convene meetings of the Board of Directors of the Company, approve the meeting agenda and preside over meetings of the Board of Directors, organize the keeping of minutes at meetings, and preside over the General Meeting of Shareholders. In the reporting period, the performance assessment of the Company's Board of Directors, including the performance assessment of its Chairman, was not conducted due to the absence of a methodology for assessing the performance of the Board of Directors. In 2022-2023, the Company plans to implement the Methodological Recommendations on Organizing and Conducting Self-Assessment of the Board of Directors' Performance in Public Joint-Stock Companies issued by the Bank of Russia. In 2022-2023, it is planned to conduct performance assessment of the Company's Board of Directors, including the performance assessment of its Chairman.
1. Complied with	-
1. Complied with	-
2. Complied with	
3. Complied with	

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.6.2	The rights and duties of the members of the Board of Directors are clearly stipulated and enshrined in the Company's internal documents.	1. The Company has adopted and published an internal document that clearly defines the rights and duties of the members of the Board of Directors.
2.6.3	Members of the Board of Directors have sufficient time to carry out their duties.	1. Individual attendance of meetings of the Board of Directors and its committees, as well as sufficient time to work on the Board of Directors, including on its committees, was analyzed as part of the procedure for the Board of Directors' performance assessment (self-assessment) in the reporting period. 2. In accordance with the Company's internal documents, members of the Board of Directors shall notify the Board of Directors of their intention to become members of management bodies of organizations other than those controlled by the Company, as well as of the fact of such an appointment.
2.6.4	All members of the Board of Directors have equal access to the Company's documents and information. Newly elected members of the Board of Directors are provided with sufficient information about the Company and the activities of the Board of Directors as soon as possible.	1. In accordance with the Company's internal documents, members of the Board of Directors have the right to obtain information and documents necessary for the members of the Board of Directors to perform their duties relating to the Company and its controlled entities, and the Company's executive bodies shall ensure that the relevant information and documents are provided. 2. The Company implements a formalized onboarding program for newly elected members of the Board of Directors.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Not complied with 2. Partially complied with	1. At present, the Company has not adopted the methodology for assessing performance of the Board of Directors. In order to provide sufficient time for members of the Board of Directors to perform their duties, the Charter of the Company stipulates that notice of a meeting of the Board of Directors, as well as all necessary documents shall be sent to members of the Board of Directors no later than 5 business days prior to the date of the meeting. Materials and draft resolutions on all agenda items undergo a comprehensive review by the Company's management, as well as preliminary consideration by the committees under the Board of Directors in the relevant field of activity. If the members of the Board of Directors have any additional questions in the course of consideration of the materials, the Company management promptly provides the necessary information and materials. The Company carried out an attendance analysis of the members of the Board of Directors and the Committees under the Board of Directors, which is provided in the Annual Report of the Company. Attendance of meetings by the members of the Board of Directors and its Committees was also taken into account when determining the amount of remuneration and compensation to the members of the Board of Directors, which is regulated by Clause 2.1.1 of the Regulations on the Procedure for Determining Remuneration and Compensation to Members of the Board of Directors of the Company. In 2022-2023, the Company plans to implement the Methodological Recommendations on Organizing and Conducting Self-Assessment of the Board of Directors' Performance in Public Joint-Stock Companies issued by the Bank of Russia. In addition, the Board of Directors of the Company reviews reports on activities of the committees under the Board of Directors at the end of the year. 2. According to the Company's internal documents, members of the Board of Directors are not obliged to notify the Board of Directors of their intention to become members of management bodies of organizations (other than those controlled by and affiliated to the Company), but are obliged to advise the Board of Directors of the fact of such an appointment. Pursuant to Clause 4.3.11 of the Regulations on the Board of Directors of the Company, a member of the Board of Directors shall notify the Board of Directors of occurrence of circumstances as a result of which he/ she ceases to be independent (including information about membership in the Board of Directors of a legal entity that controls the Company, or an entity controlled, or a managing company of such a legal entity). Also, the Company requests questionnaires from the members of the Board of Directors on a quarterly basis in order to conduct a periodic review of independence of a member of the Board of Directors. In 2022, the Company plans to add this requirement of the Code to its internal documents.
1. Complied with 2. Complied with	-

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.7	MEETINGS OF THE BOARD OF DIRECTORS, PREPARATION THEREFOR AND PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS THEREIN ENSURE THE EFFECTIVE FUNCTIONING OF THE BOARD OF DIRECTORS.	
2.7.1	Meetings of the Board of Directors are held as necessary, taking into account the scope of the Company's activity and tasks faced by the Company at a given time.	1. The Board of Directors held at least six meetings during the reporting year.
2.7.2	The Company's internal documents set out the procedure for preparing to and holding of meetings of the Board of Directors, ensuring that members of the Board of Directors are provided a possibility to prepare for a meeting properly.	1. The Company has approved an internal document that defines the procedure for preparing to and holding of meetings of the Board of Directors, which stipulates, among other things, that notice of a meeting shall generally be given at least five days before the date of such a meeting. 2. During the reporting period, members of the Board of Directors who were not present at the meeting were given the opportunity to participate in the discussion of agenda items and vote remotely via audio and video conference calls.
2.7.3	The format of a meeting of the Board of Directors shall be determined with account of the significance of issues on the agenda. The most important issues are dealt with at meetings held in presentia.	1. The Charter or an internal document of the Company stipulates that the most important issues (including those listed in Recommendation 168 of the Code) shall be considered at meetings of the Board of Directors held in presentia.
2.7.4	Decisions on the most important issues of the Company's business shall be made at a meeting of the Board of Directors by a qualified majority or by a majority vote of all elected members of the Board of Directors.	1. The Company's Charter stipulates that decisions on the most important issues, including those specified in Recommendation 170 of the Code, shall be made at a meeting of the Board of Directors by a qualified majority of at least 3/4 of the votes cast, or by a majority vote of all elected members of the Board of Directors.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Complied with 2. Partially complied with	In the reporting period, no meetings of the Board of Directors were held in presentia. According to Clause 8.2 of Article 8 of the Regulations on the Board of Directors of TGC-1, if technically possible, the Company may offer the members who are physically not present in the venue the opportunity to participate in the discussion of agenda items and vote remotely via audio and video conference calls.
1. Partially complied with	1. Pursuant to Clause 9.16 of the Regulations on the Board of Directors of TGC-1, the Company seeks to consider most important questions at meetings of the Board of Directors held in presentia. In 2021, no meetings of the Board of Directors were held in presentia due to the epidemiological situation.
1. Partially complied with	1. Resolutions at a meeting of the Company's Board of Directors shall be adopted by a majority vote of members of the Board of Directors of the Company attending the meeting, unless otherwise provided for by the Federal Law "On Joint-Stock Companies", and the votes of retired members of the Board of Directors shall not be counted. The majority vote of 3/4 of votes is required for deciding, inter alia, on such issues as: - Recommendations to the General Meeting of Shareholders on the size of dividends on shares and their payout procedure; - Making decisions to approve transactions (prior to their conclusion), including a chain of interrelated transactions involving leasing and/or transferring for lease the property comprising fixed assets, intangible assets, construction-in-progress facilities intended to generate, transmit and/or distribute electric and/or thermal energy, provide operational and technological (dispatching) control services in the electric power industry, including amending and terminating the said transactions, determination of cases (e.g., by establishing their scope and/or list) when approval by the Board of Directors of the Company of such transaction is required (prior to its conclusion), as well as making decisions to approve any of the above transactions, if specific cases (scope, list) have not been determined. In 2022-2023, the Company has plans to consider the possibility of amending the Charter of the Company to extend the list of issues to be resolved by 3/4 majority vote of the members of the Board of Directors in order to comply with the recommendations of the Code.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.8	THE BOARD OF DIRECTORS ESTABLISHES COMMITTEES FOR PRELIMINARY CONSIDERATION OF THE MOST IMPORTANT ISSUES RELATED TO THE COMPANY'S ACTIVITIES.	
2.8.1	The Audit Committee consisting of independent directors was set up for preliminary consideration of issues relating to the control over the Company's financial and economic activities.	1. The Board of Directors established the Audit Committee made up exclusively of independent directors. 2. The Company's internal documents define the tasks of the Audit Committee, including those contained in Recommendation 172 of the Code. 3. At least one member of the Audit Committee, who is an independent director, has background and expertise in the field of preparation, analysis, evaluation and audit of accounting (financial) statements. 4. The Audit Committee met at least quarterly during the reporting period.
2.8.2	The Remuneration Committee consisting of independent directors and chaired by an independent director who is not the Chairman of the Board of Directors was set up for preliminary consideration of issues related to adopting the effective and transparent remuneration practices.	1. The Board of Directors established the Remuneration Committee, which only consists of independent directors. 2. The Remuneration Committee is chaired by an independent director who is not the Chairman of the Board of Directors. 3. The Company's internal documents define the tasks of the Remuneration Committee, including those contained in Recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the Remuneration Committee considers the issue of reviewing the Company's Remuneration Policy for members of the Board of Directors, executive bodies and other key senior officials.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Partially complied with 2. Complied with 3. Complied with 4. Partially complied with	1. In accordance with the Charter of the Company, the Board of Directors of the Company consists of 11 members. The Board of Directors elected by the Annual General Meeting of Shareholders on June 18, 2021 includes 3 directors who were recognized as independent by Resolution of the Board of Directors of the Company. In 2021, the Board of Directors established an Audit Committee consisting of 5 members, including 3 independent directors and 2 non-executive directors who are not independent but have the required expertise. All of the independent members of the Company's Board of Directors became members of the Committee, which complies with the requirements established by the Listing Rules of the Moscow Exchange for inclusion of the Company's shares in Level 1 and constituted the majority in number (Subclause 2, Clause 2.18 of Appendix 2 to the Listing Rules of Moscow Exchange PJSC). In accordance with the applicable law and the Company's Charter, the right to nominate candidates to the Board of Directors of the Company and to elect them is vested in the shareholders of the Company. When the requests are sent to the shareholders to nominate candidates for election to the Board of Directors of TGC-1, the Company draws their attention to the requirement that the nominees shall meet the Code's eligibility criteria. The Company is planning to continue its efforts toward electing the optimum number of independent directors to the Board of Directors in accordance with the recommendations of the Code and the existing structure of the share capital. 4. In the reporting period, 7 meetings of the Audit Committee were held (due to production needs and according to the schedule of the Board of Directors, consideration of issues of the Audit Committee was postponed from the first quarter to the second quarter, in which 3 meetings were held, and from the third quarter to the fourth quarter, in which 4 meetings were held). Further on, the Company will strive to comply with this criterion. The schedule of the Board of Directors and the Audit Committee under the Board of Directors is planned based on this criterion.
1. Partially complied with 2. Partially complied with 3. Partially complied with	1. During the reporting period, the Board of Directors set up the Human Resources and Remuneration Committee, which functions include those recommended by the Code for the Remuneration Committee and the Nomination Committee. The quantitative composition of the Committee is 5 persons, including all 3 independent directors. The composition of the Committee complies with the requirements established by the Listing Rules of the Moscow Exchange for inclusion of the Company's shares in Level 1. The members of the Human Resources and Remuneration Committee are elected from the candidates proposed by members of the Board of Directors, with account of their engagement in other committees under the Board of Directors and availability of sufficient time to perform their duties. At present, the Company has no plans to review the possibility of composing the HR and Remuneration Committee only of independent directors, since there are not enough of them. 2. The Chairman of the Committee is not the Chairman of the Board of Directors, but is not an independent director. The Company plans to consider the possibility of changing this practice in 2022-2023. 3. The Committee's functions, which are set forth in the Company's internal documents, are partially determined with due regard for the tasks contained in Recommendation 180 of the Code, as well as the existing structure of the Company's corporate governance. The Company seeks to continuously improve its regulatory documents and plans to continue its efforts to fully meet this criterion of the Code. In 2022-2023, the Company is planning to consider the possibility of amending the internal documents accordingly.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.8.3	The Nominations (Appointments, Human Resources) Committee, the majority of whose members are independent directors, was set up for preliminary consideration of issues relating to the implementation of human resources planning (succession planning), professional composition and the effectiveness of the work of the Board of Directors.	1. The Board of Directors set up the Nomination Committee (or its tasks as laid down in Recommendation 186 of the Code are performed within another committee), most of whose members are independent directors. 2. In the Company's internal documents, the tasks of the Nominations Committee (or the relevant committee combining the functions) are defined, including those contained in Recommendation 186 of the Code. 3. During the reporting period, in order to establish the Board of Directors that best corresponds to the Company's goals and objectives, the Nomination Committee independently or together with other committees under the Board of Directors or the Company's designated unit for shareholder relations maintained close communication with shareholders, not limited to the major shareholders, in the context of selecting candidates to the Company's Board of Directors.
2.8.4	Given the scope of activity and the level of risk, the Board of Directors has ascertained that the composition of its committees is fully corresponding to the Company's business goals. Additional committees were either established or were deemed unnecessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	1. In the reporting period, the Company's Board of Directors considered whether the composition of its committees corresponded to the tasks of the Board of Directors and the goals of the Company. Additional committees were either established or were not deemed necessary.
2.8.5	The committees' composition is formed in such a way as to allow for a comprehensive discussion of issues under preliminary consideration, taking into account a variety of opinions.	1. The Audit Committee, the Remuneration Committee and the Nominations Committee (or the relevant committee with a combined function) were chaired by independent directors during the reporting period. 2. The Company's internal documents (policies) stipulate that persons who are not members of the Audit Committee, the Nominations Committee (or a relevant committee combining the functions) and the Remuneration Committee may only attend committee meetings upon invitation from the chairman of the relevant committee.
2.8.6	The chairmen of the committees shall regularly update the Board of Directors and its Chairman on the activities of their committees.	1. During the reporting period, the chairmen of the committees regularly reported on the activities of their committees to the Board of Directors.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	3. In accordance with the existing practice, the Company organized shareholder engagement on all issues relating to the Company's activity (including its governance). Also, pursuant to Article 53, Clause 1 of the Federal Law "On Joint-Stock Companies", shareholder(s) who in aggregate own at least 2 percent of the voting shares of the Company have the right to include items on the agenda of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. The Company strives to improve the intensity of interaction with the Company's shareholders, and in 2022, the composition of the Company's Board of Directors will actually be formed from the members of the Board of Directors whose candidacies were proposed by the shareholders in accordance with Clause 1 of Art. 53 of the Federal Law "On Joint-Stock Companies".
2. Complied with	
3. Partially complied with	
1. Complied with	-
1. Partially complied with	1. Independent directors serve on three committees under the Board of Directors (the Budget Planning and Investment Committee, the Audit Committee, and the HR and Remuneration Committee). The Audit Committee is chaired by an independent director. The Company is planning to consider the issue of electing independent directors as chairmen of Committees under the Board of Directors if their number is sufficient.
2. Complied with	
1. Complied with	

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
2.9	THE BOARD OF DIRECTORS ENSURES THAT THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND MEMBERS OF THE BOARD OF DIRECTORS IS ASSESSED.	
2.9.1	The performance of the Board of Directors is assessed to determine the effectiveness of the Board of Directors, its committees and members, the consistency of their activities with the Company's development needs, as well as to boost the activities the Board of Directors and identify the potential areas of their improvement.	1. The Company's internal documents stipulate the procedures for assessing (self-assessing) performance of the Board of Directors. 2. The Board of Directors' performance assessment (self-assessment) in the reporting period included assessment of performance of the committees, an individual assessment of each member of the Board of Directors and the Board of Directors as a whole. 3. The results of the Board of Directors' performance assessment (self-assessment) in the reporting period were reviewed at the meeting of the Board of Directors held in presentia.
2.9.2	The performance of the Board of Directors, its committees and members shall be assessed on a regular basis, at least annually. An external organization (a consultant) is engaged at least once every three years to carry out an independent assessment of performance of the Board of Directors.	1. The Company engaged an external organization (a consultant) to carry out an independent assessment of performance of the Board of Directors at least once in the last three reporting periods.
3.1	THE COMPANY'S CORPORATE SECRETARY CARRIES OUT AN EFFECTIVE DAY-TO-DAY INTERACTION WITH SHAREHOLDERS, COORDINATES THE COMPANY'S ACTIVITIES TO PROTECT SHAREHOLDERS' RIGHTS AND INTERESTS, AND SUPPORTS AN EFFECTIVE OPERATION OF THE BOARD OF DIRECTORS.	
3.1.1	The Corporate Secretary has the knowledge, background and qualifications sufficient to perform the duties entrusted to them, has an impeccable reputation and enjoys the confidence of shareholders.	1. The Company's website and the Annual Report contains biographical information about the Corporate Secretary (including age, education, qualifications and experience), as well as information about the positions in management bodies of other legal entities held by the Corporate Secretary for at least past five years.
3.1.2	The Corporate Secretary has sufficient independence from the Company's executive bodies and has the necessary authority and resources to carry out their tasks.	1. The Company adopted and disclosed an internal document – the Regulations on the Corporate Secretary. 2. The Board of Directors approves a candidate for the position of the Corporate Secretary, terminates their powers and considers the issue of payment of additional remuneration. 3. The Company's internal documents stipulate the right of the Corporate Secretary to request and receive the Company's documents and information from the management bodies, structural subdivisions and officials of the Company.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Not complied with 2. Not complied with 3. Not complied with	1. The possibility of such an assessment is stipulated in the Regulations on the HR and Remuneration Committee under the Board of Directors and in the Regulations on the Audit Committee. 2. Starting from 2022, the Company is planning to introduce the practice of self-assessment or external assessment of performance of the Board of Directors, including assessment of performance of its committees, individual members of the Board of Directors and the Board of Directors as a whole. 3. The results of assessment of individual members of the Board of Directors were considered by the Board of Directors as part of the issue of recognizing members of the Board of Directors of the Company as independent. In the future, the Company is planning to implement procedures for assessing performance of the Board of Directors and its Committees; and, should it be possible, their results will be considered at a meeting of the Board of Directors held in presentia in the next reporting period. In 2022-2023, the Company plans to implement the Methodological Recommendations on Organizing and Conducting Self-Assessment of Performance of the Board of Directors in Public Joint-Stock Companies, issued by the Bank of Russia, and to introduce appropriate amendments to the Company's internal documents.
1. Not complied with	1. Within the past three reporting periods, the Company did not conduct independent assessment of performance of the Board of Directors with the involvement of an external organization (a consultant). In 2022-2023, the Company is planning to engage an external organization for such an assessment.
1. Complied with	-
1. Complied with 2. Complied with 3. Complied with	-

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
4.1	THE SIZE OF REMUNERATION OFFERED BY THE COMPANY IS SUFFICIENT TO ATTRACT, MOTIVATE AND RETAIN PERSONS WITH THE COMPETENCES AND QUALIFICATIONS REQUIRED BY THE COMPANY. REMUNERATION IS PAYABLE TO MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BODIES AND OTHER KEY SENIOR OFFICIALS OF THE COMPANY IN ACCORDANCE WITH THE COMPANY'S REMUNERATION POLICY.	
4.1.1	The size of remuneration offered by the Company to members of the Board of Directors, executive bodies and other key senior officials creates sufficient motivation for their effective work, thus enabling the Company to attract and retain competent and highly qualified professionals. However, the Company avoids paying the remuneration higher than necessary, or having an unreasonably wide gap between the size of remuneration to the above persons and other Company's employees.	1. The remuneration payable to members of the Board of Directors, executive bodies and other key senior officials of the Company is determined based on the results of a comparative analysis of remuneration levels in similar companies.
4.1.2	The Company's Remuneration Policy was developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors with support from the Remuneration Committee oversees the adoption and implementation of the Company's Remuneration Policy and, when necessary, reviews and amends it.	1. During the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and/or practices of its/their implementation, assessed their effectiveness and transparency and, as necessary, submitted relevant recommendations to the Board of Directors for revision of the said policy (policies).
4.1.3	The Company's Remuneration Policy contains transparent mechanisms for determining the size of remuneration for members of the Board of Directors, executive bodies and other key senior officials of the Company and regulates all types of payments, benefits and privileges due to the aforementioned persons.	1. The Company's Remuneration Policy (Policies) contain(s) transparent mechanisms for determining the remuneration paid to members of the Board of Directors, executive bodies and other key senior officials of the Company and regulate(s)/govern(s) all types of payments, benefits and privileges due to the aforementioned persons.
4.1.4	The Company defines a policy on reimbursement (compensation) of expenses specifying the list of reimbursable expenses and the level of service to which members of the Board of Directors, executive bodies and other key senior officials of the Company may apply. Such a policy may form part of the Company's Remuneration Policy.	1. The Remuneration Policy (Policies) or other internal documents of the Company establish rules for reimbursing expenses to members of the Board of Directors, executive bodies and other key senior officials of the Company.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
1. Not complied with	1. The Regulations on the HR and Remuneration Committee of the Board of Directors provide for consideration of issues related to the remuneration policy and the practice of its implementation. In the reporting period, the HR and Remuneration Committee of the Board of Directors of TGC-1 did not consider any issues related to the remuneration policy or its implementation and did not give any recommendations related to this topic to the Board of Directors. The Company is planning to consider this issue in 2022-2023.
1. Complied with	-
1. Complied with	-

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
4.2	THE REMUNERATION SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS ENSURES THAT FINANCIAL INTERESTS OF THE DIRECTORS ARE ALIGNED WITH THE LONG-TERM FINANCIAL INTERESTS OF SHAREHOLDERS.	
4.2.1	The Company pays a fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board of Directors or its committees. The Company does not offer any forms of short-term motivation or additional financial incentives to members of the Board of Directors.	1. In the reporting period, the Company paid remunerations to the members of the Board of Directors in accordance with the Remuneration Policy adopted by the Company. 2. In the reporting period, the Company did not offer any forms of short-term motivation or additional financial incentives to the members of the Board of Directors, which payment depends on the Company's results (performance). No remuneration was paid for participation in individual meetings of the Board of Directors or its committees.
4.2.2	Long-term ownership of the Company's shares contributes to the greatest extent to aligning the financial interests of members of the Board of Directors with the long-term interests of shareholders. However, the Company does not make the rights to sell shares contingent on the achievement of certain performance indicators and the members of the Board of Directors do not participate in share option programs.	1. If the internal document(s), i.e. the Company's Remuneration Policy (Policies), provide(s) for the granting of Company shares to members of the Board of Directors, clear rules for share ownership by members of the Board of Directors aimed at encouraging the long-term ownership of such shares shall be established and disclosed.
4.2.3	The Company does not provide for any additional payments or compensation in the event of early termination of the Board of Directors' powers due to a change in control over the Company or other circumstances.	1. The Company does not provide for any additional payments or compensation in the event of early termination of the Board of Directors' powers due to a change in control over the Company or other circumstances.
4.3	THE SYSTEM OF REMUNERATION FOR MEMBERS OF EXECUTIVE BODIES AND OTHER KEY SENIOR OFFICIALS OF THE COMPANY PROVIDES FOR THE DEPENDENCE OF REMUNERATION ON THE COMPANY'S PERFORMANCE AND THEIR PERSONAL CONTRIBUTION TO THE ACHIEVEMENT OF THAT RESULT.	
4.3.1	The remuneration to members of executive bodies and other key senior officials of the Company is determined so as to ensure a reasonable and justified ratio of the fixed part of remuneration and its variable part, which depends on the Company's performance and an employee's personal (individual) contribution to the final result.	1. During the reporting period, the annual performance indicators approved by the Board of Directors were used in determining the variable remuneration to members of executive bodies and other key senior officials of the Company. 2. During the last assessment of the remuneration system for members of executive bodies and other key senior officials of the Company, the Board of Directors (Remuneration Committee) was satisfied that the Company applied an effective ratio between the fixed part and the variable part of remuneration. 3. In determining the size of remuneration payable to members of executive bodies and other key senior officials of the Company, consideration is given to the risks borne by the Company in order to avoid creating incentives for excessive risk-taking in managerial decisions.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with 2. Partially complied with	2. The procedure for determining and paying remuneration to members of the Company's Board of Directors is enshrined in the Regulations on the Procedure for Determining the Size of Remuneration and Compensation to Members of the Board of Directors of TGC-1 (approved by the Annual General Meeting of Shareholders, Minutes No. 1 of June 11, 2019). In accordance with the above Regulations, the remuneration payable to the members of the Board of Directors consists of the basic part payable to the members of the Board of Directors for participation in meetings of the Board of Directors, and also a variable part, which may be paid to the members of the Board of Directors at the end of the financial year if the Company has made a net profit, upon resolution of the General Meeting of Shareholders of the Company. However, in 2021, the Company did not offer any forms of short-term motivation or additional financial incentives to the members of the Board of Directors, which payment depends on the Company's results (performance). At present, the Company is not considering the possibility of introducing amendments to the procedure for determining the size of remuneration for members of the Board of Directors of TGC-1.
1. Complied with	1. Granting of the Company's shares to members of the Board of directors is not provided for in the internal documents.
1. Complied with	-
1. Complied with	
2. Not complied with	
3. Complied with	In the reporting period, the remuneration system for members of executive bodies and other key senior officials of the Company and the Board of Directors (Remuneration Committee) was not assessed. In 2022-2023, the Company is planning to review the possibility of such an assessment.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
4.3.2	The Company implemented a long-term incentive program for members of executive bodies and other key senior officials of the Company using the Company's shares (options or other derivatives with the Company's shares as the underlying asset).	1. In case the Company introduced a long-term incentive scheme for members of executive bodies and other key senior officials of the Company using the Company's shares (financial instruments based on the Company's shares), the scheme implies that the right to sell such shares and other financial instruments occurs not earlier than three years from the date of granting. The right to sell them is contingent upon the achievement of certain performance indicators by the Company.
4.3.3	The amount of compensation (golden farewell) payable by the Company in the event of early termination of powers of members of the executive bodies or key senior officials at the Company's initiative and in the absence of unfair actions on their part does not exceed two-fold amount of the fixed part of their annual remuneration.	1. The amount of compensation (golden farewell) payable by the Company in the event of early termination of the powers of members of executive bodies or key senior officials at the Company's initiative and in the absence of unfair actions on their part did not exceed two-fold amount of the fixed part of the annual remuneration in the reporting period.
5.1	THE COMPANY HAS AN EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN PLACE DESIGNED TO PROVIDE REASONABLE ASSURANCE FOR THE ACHIEVEMENT OF THE COMPANY'S OBJECTIVES.	
5.1.1	The Company's Board of Directors determined the principles of and approaches to the organization of the risk management and internal control system in place at the Company.	1. The functions of the Company's various management bodies and divisions in the risk management and internal control system are clearly defined in the internal documents / relevant policy of the Company approved by the Board of Directors.
5.1.2	The Company's executive bodies ensure the establishment and maintenance of an effective system of risk management and internal control at the Company.	1. The Company's executive bodies ensured the division of duties and powers in the field of risk management and internal control between the heads (directors) of subordinate departments and divisions.
5.1.3	The Company's risk management and internal control system ensures an unbiased, fair and clear presentation of the Company's current state and prospects, the integrity and transparency of the Company's reporting, as well as the reasonability and acceptability of the risks assumed by the Company.	1. The Company has an approved Anticorruption Policy. 2. The Company has established a safe, confidential and easily accessible way (a hotline) for the Board of Directors or the Audit Committee under the Board of Directors to report violations of laws, internal procedures, or the Company's Code of Conduct.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Partially complied with	1. The Company's Board of Directors approved the Regulations on the Stock Option Program for members of the Board of Directors, the General Director, top managers and other employees of Territorial Generating Company No. 1 Public Joint-Stock Company (Minutes No. 37 of June 06, 2007). The above program stipulates that the right to sell shares and other financial instruments included in such a program shall arise in three years after their granting. The Company also approved the Regulations on Remuneration and Financial Incentives for Top Managers of the Company and introduced a system of key performance indicators. The powers of the Company's sole executive body were transferred to a managing company, which receives a monetary remuneration in accordance with the contract terms. In 2022, the Company is planning to consider the possibility of implementing a long-term incentivizing program for key executives of the Company, and, subject to a decision to such effect, the terms of the program will be adjusted to comply with this criterion.
1. Complied with	-
1. Complied with	-
1. Complied with	-
1. Partially complied with 2. Complied with	1. The Company's Anticorruption Policy is not regulated by a separate internal document. The Company's Anticorruption Policy is partially regulated by the following documents: • Corporate Conduct Code of TGC-1; • Regulations on Procurement of Goods, Works and Services by TGC 1; • Regulations on the Conflict of Interest Commission of TGC-1. The Company is making continuous efforts to improve and develop its anticorruption framework, and in 2022-2023 it is planned to consider a possibility of developing a separate document regulating the Company's Anticorruption Policy. 2. There is a hotline for reporting violations of laws, internal procedures, or the Company's Code of Conduct.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
5.1.4	The Company's Board of Directors takes necessary measures to ensure that the risk management and internal control system used in the Company complies with the principles and approaches for its organization as defined by the Board of Directors and that it functions effectively.	1. During the reporting period, the Board of Directors (the Audit Committee and/or the Risk Committee, if any) organized an assessment of the reliability and efficiency of the risk management and internal control system. 2. During the reporting period, the Board of Directors reviewed the results of an assessment of the reliability and efficiency of the risk management and internal control system in place at the Company and information on the results of the review were included in the Company's Annual Report.
5.2	IN ORDER TO SYSTEMATICALLY AND INDEPENDENTLY EVALUATE THE RELIABILITY AND EFFICIENCY OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND CORPORATE GOVERNANCE PRACTICES, THE COMPANY ORGANIZES INTERNAL AUDITS.	
5.2.1	The Company has a separate business unit or engages an independent external organization to carry out an internal audit. The functional and administrative reporting lines of the internal audit function are separated. Functionally, the internal audit department reports to the Board of Directors.	1. The Company has a separate business unit responsible for internal audit functionally reporting to the Board of Directors or the Audit Committee, or engages an independent external organization based on the same principle of accountability to conduct internal audits.
5.2.2	The internal audit department assesses the efficiency of the internal control system, the efficiency of the risk management system, as well as the corporate governance system. The Company applies generally accepted standards in the field of internal audit.	1. In the reporting period, as part of an internal audit, the reliability and efficiency of the risk management and internal control system was assessed. 2. During the reporting period, as part of an internal audit, the corporate governance practices (individual practices) were assessed, including procedures for exchanging information (including information on internal control and risk management issues) at all management levels of the Company, as well as communication with stakeholders.
6.1	THE COMPANY AND ITS OPERATIONS ARE TRANSPARENT TO SHAREHOLDERS, INVESTORS AND OTHER STAKEHOLDERS.	
6.1.1	The Company developed and implemented an Information Policy that ensures effective information exchange between the Company, shareholders, investors and other stakeholders.	1. The Company's Board of Directors approved the Company's Information Policy, which was developed based on the recommendations of the Code. 2. During the reporting period, the Board of Directors (or one of its committees) considered the efficiency of information exchange between the Company, shareholders, investors and other stakeholders and the reasonability (necessity) to revise the Company's Information Policy.
6.1.2	The Company discloses information on its corporate governance system and practices, including details on compliance with the principles and recommendations of the Code.	1. The Company discloses information on the Company's corporate governance system and general principles of corporate governance used in the Company, on the Company's website in addition to other sources. 2. The Company discloses information on the composition of its executive bodies and the Board of Directors, independence of the members of the Board of Directors and their membership in committees under the Board of Directors (as defined in the Code). 3. In case there is an entity controlling the Company, the latter shall publish a controlling entity memorandum as to that entity's plans in relation to the Company's corporate governance.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
2. Complied with	
1. Complied with	-
2. Complied with	
1. Complied with	-
2. Complied with	
1. Complied with	2. The Company's Information Policy complies with the requirements of the Russian law on disclosure of information about the Company, as well as the basic recommendations of the Code. In the reporting period, no need arose for the Board of Directors to review the efficiency of information exchange. In 2022, the Company plans to bring the issue of the Company's compliance with its Information Policy before the Audit Committee under the Board of Directors and, if necessary, initiate its revision by the Board of Directors.
1. Complied with	-
2. Complied with	
3. Complied with	

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
6.2	THE COMPANY DISCLOSES COMPLETE, RELEVANT AND RELIABLE INFORMATION ABOUT THE COMPANY IN A TIMELY MANNER TO ENABLE INFORMED DECISION-MAKING BY THE COMPANY'S SHAREHOLDERS AND INVESTORS.	
6.2.1	The Company discloses information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	1. The Company established a procedure for ensuring coordinated work of all business units and employees of the Company who are engaged in information disclosure or whose activities may result in the obligation to disclose information. 2. If the Company's securities are traded on foreign organized markets, the disclosure of substantial information throughout the reporting year shall be made simultaneously and equivalently in the Russian Federation and in such markets. 3. In case foreign shareholders hold a significant number of the Company's shares, during the reporting year information is disclosed not only in Russian, but also in one of the most common foreign languages.
6.2.2	The Company avoids a formalistic approach towards information disclosure and discloses significant information on its activities, even if disclosure of such information is not required by the legislation.	1. The Company's Information Policy defines approaches towards the disclosures on other events (actions) that have a significant impact on the value or quotation of its securities, which is not required by the legislation. 2. The Company discloses information on its equity structure in accordance with Recommendation 290 of the Code in the Annual Report and on the Company's website. 3. The Company discloses information on controlled entities that are significant to the Company, including key areas of their activities, mechanisms for ensuring accountability of the controlled entities, the authority of the Company's Board of Directors to determine the strategy and assess the performance of such controlled entities. 4. The Company discloses a non-financial report, i.d. a Sustainability Report, an Environmental Report, a Corporate Social Responsibility Report or another report containing non-financial information, including environmental factors (including environmental and climate change factors), society (social factors) and corporate governance, except for a report of the issuer of equity securities and the Annual Report of a joint-stock company.
6.2.3	The Annual Report, as one of the most important tools of information exchange with shareholders and other stakeholders, contains information enabling an assessment of the Company's performance during the year.	1. The Company's Annual Report contains information on the Audit Committee's assessment of the effectiveness of the external and internal audit processes. 2. The Company's Annual Report contains information on the Company's environment protection and social policy.
6.3	THE COMPANY PROVIDES INFORMATION AND DOCUMENTS REQUESTED BY SHAREHOLDERS IN ACCORDANCE WITH THE PRINCIPLES OF EQUAL AND UNHINDERED ACCESSIBILITY.	
6.3.1	The Company provides information and documents requested by shareholders in accordance with the principles of equal and unhindered access.	1. The Company's Information Policy provides for an unhindered access of shareholders to information, including information on legal entities controlled by the Company, upon shareholders' request. 2. The Information Policy (internal documents defining the Information Policy) contains provisions stipulating that, if a shareholder requests information on entities controlled by the Company, the Company shall make the necessary efforts to obtain such information from the relevant entities controlled by the Company.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with 2. Complied with 3. Complied with	-
1. Complied with 2. Complied with 3. Complied with 4. Complied with	-
1. Partially complied with 2. Complied with	1. The Company's Annual Report contains information on the results of TGC-1 self-assessment of risk management and internal control system efficiency in 2021. The Audit Committee of the Board of Directors did not assess the efficiency of internal and external audits over the reporting period. However, in 2021, the Audit Committee under the Company's Board of Directors several times considered the issue of evaluating the Report of the Auditor of TGC-1 in terms of results of the audit of IFRS and RAS statements for 2020 and for 6 months of 2021 and assessing the quality of audit services rendered.
1. Complied with 2. Partially complied with	2. In accordance with the current Regulations on Information Policy of TGC-1, the Company provides to security holders and other stakeholders the information which disclosure is required by the current legislation and these Regulations. In other cases, the decision to provide information shall be made by the Company's General Director or a person duly authorized by the latter, taking into account the requirements to the procedure for transferring confidential information. In 2022, efforts are underway to develop a new revision of the Regulations on Information Policy. The Company strives to adhere to the best Russian and international corporate governance practices and plans to continue working towards full compliance with this criterion of the Code.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
6.3.2	When the Company provides information to shareholders, a reasonable balance is ensured between the interests of individual shareholders and those of the Company committed to maintaining the confidentiality of commercially sensitive information that may have a significant impact on its competitiveness.	1. During the reporting period, the Company did not reject the shareholders' requests for information, or such rejections were justified. 2. In cases as stipulated in the Company's Information Policy, shareholders are warned of the sensitive nature of information and accept the obligation to keep confidentiality.
7.1	ACTIONS THAT SIGNIFICANTLY AFFECT, OR MAY AFFECT, THE COMPANY'S SHARE CAPITAL STRUCTURE AND FINANCIAL STANDING AND, THEREFORE, THE STANDING OF SHAREHOLDERS (MAJOR CORPORATE ACTIONS) ARE UNDERTAKEN ON FAIR TERMS THAT ENSURE THAT THE RIGHTS AND INTERESTS OF SHAREHOLDERS, AS WELL AS THOSE OF OTHER STAKEHOLDERS, ARE RESPECTED.	
7.1.1	Major corporate actions include reorganization of the Company, acquisition of 30% or more of the Company's voting shares (takeover), execution of major transactions by the Company, an increase or decrease in the Company's share capital, the listing and delisting of the Company's shares, as well as other actions that may lead to a significant change in shareholders' rights or a violation of their interests. The Company's Charter determines the list (criteria) of transactions or other actions that constitute major corporate actions, and review of such actions is referred to the scope of competence of the Company's Board of Directors.	1. The Company's Charter defines a list (criteria) of transactions or other actions that constitute significant corporate actions. The Company's Charter refers decision-making on significant corporate actions to the scope of competence of the Board of Directors. In cases when the legislation expressly classifies the exercise of these corporate actions as pertaining to the scope of competence of the General Meeting of Shareholders, the Board of Directors issues the relevant recommendations to shareholders.
7.1.2	The Board of Directors plays a key role in making decisions or developing recommendations on major corporate actions, and the Board of Directors relies on the opinion of the Company's independent directors.	1. The Company has a procedure in place whereby independent directors express their opinion on major corporate actions prior to their approval.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
2. Complied with	
1. Complied with	-
1. Partially complied with	1. As independent members of the Board of Directors are members of Committees under the Board of Directors, they have the possibility to express their opinions prior to the Board of Directors' meeting. Committees under the Board of Directors carry out preliminary review of the issues included on agenda of the Board of Directors' meeting, and members of the Committees express their opinions by voting and submitting written or dissenting opinions. The Company strives to adhere to the best Russian and international corporate governance practices and plans to continue working towards full compliance with this criterion of the Code.

No.	Corporate governance principles	Criteria of compliance with the corporate governance principle
7.1.3	When major corporate actions affecting the rights and legitimate interests of shareholders are taken, equal conditions for all shareholders of the Company are ensured, and if the legal instruments aimed at protecting the rights of shareholders are insufficient, additional measures protecting the rights and legitimate interests of the Company's shareholders shall be taken. In addition, the Company's commitment is not only to comply with the formal legal requirements, but with the corporate governance principles laid down in the Code.	1. Taking into account the specific nature of the Company's activities, the Company's Charter refers the approval of other transactions being of significance for the Company, in addition to those stipulated by law, to the scope of competence of the Board of Directors. 2. During the reporting period, all significant corporate actions underwent an approval procedure prior to implementation.
7.2	THE COMPANY ENSURES A PROCEDURE FOR SIGNIFICANT CORPORATE ACTIONS THAT ENABLES SHAREHOLDERS TO RECEIVE FULL INFORMATION ON SUCH ACTIONS IN A TIMELY MANNER, PROVIDES THEM WITH THE OPPORTUNITY TO INFLUENCE SUCH ACTIONS AND GUARANTEES THE OBSERVANCE AND ADEQUATE LEVEL OF PROTECTION OF THEIR RIGHTS WHEN SUCH ACTIONS ARE UNDERTAKEN.	
7.2.1	Information on significant corporate actions shall be disclosed with an explanation of the reasons, conditions and consequences of such actions.	1. If any major corporate actions are undertaken by the Company during the reporting period, the Company shall disclose information on such actions in a timely manner and in sufficient detail, including the reasons, conditions and consequences of such actions for shareholders.
7.2.2	The rules and procedures related to undertaking of major corporate actions by the Company are enshrined in the Company's internal documents.	1. The Company's internal documents determine the cases and procedure for engaging an appraiser to determine the value of property alienated or acquired under a major or related-party transaction. 2. The Company's internal documents stipulate the procedure for engaging an appraiser to assess the value of acquisition and redemption of the Company's shares. 3. If formally a member of the Board of Directors, the sole executive body, a member of the Company's collegial executive body or an entity being the Company's controlling entity or a person entitled to give instructions binding on the Company have no vested interest in the Company's transaction, but if there is a conflict of interest or another actual vested interest, the Company's internal documents shall stipulate that such persons shall not participate in voting on the approval of such a transaction.

Status of compliance with the corporate governance principle	Explanations for deviation from the assessment criteria of compliance with the corporate governance principle
1. Complied with	-
2. Complied with	
1. Complied with	-
1. Complied with	-
2. Complied with	
3. Complied with	

