

# APPENDIX NO. 1

## REPORT ON COMPLIANCE OF THE COMPANY WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE APPROVED BY THE BOARD OF DIRECTORS OF THE BANK OF RUSSIA ON 21 MARCH 2014 AND RECOMMENDED FOR USE BY THE BANK OF RUSSIA (LETTER OF THE BANK OF RUSSIA NO. 06-52/2463 DATED 10 APRIL 2014)

This report on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia (hereinafter — the Report) was considered by the Board of Directors of **Rosseti Kuban JSC** at its meeting held on 5 May 2025 (Minutes No. 594/2025 dated 5 May 2025).

The Board of Directors certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

Rosseti Kuban, PJSC shall assess compliance with the principles and recommendations of the Corporate Governance Code based on the Methodology recommended by the Bank of Russia in Letter No. IN-06-28/102 dated 27 December 2021 on disclosure of a report on compliance with the principles and recommendations of the corporate governance code in the annual report of a public joint stock company.

This Report is an appendix to the Company's Annual Report for 2024, which describes the most significant aspects of the corporate governance model and practices.

Given that the Company currently has no public status and its shares are not traded on organised markets, Rosseti Kuban JSC does not provide any plans for achieving these elements in the future when describing its partial compliance/non-compliance with the elements of the Corporate Governance Code.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
1	2	3	4	5
1.1	<b>The company must ensure equal and fair treatment of all shareholders in the exercise of their right to participate in the management of the company</b>			
1.1.1	The company creates the most favourable conditions for shareholders for participation in the general meeting, conditions for developing a reasonable position on the agenda of the general meeting, coordination of their actions, and the opportunity to express their opinion on the issues under consideration	1. These methods of communication were organised by the company and made available to shareholders in preparation for each general meeting held during the reporting period	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.1.2	The process for distributing notice of a general meeting and supplying meeting materials helps shareholders to adequately prepare for attending the meeting	1. In the reporting period, the notice of the general meeting of shareholders was posted (published) on the company's website no later than 30 days before the date of the general meeting, unless a longer period is stipulated by law. 2. The notice of the meeting lists the documents required for admission to the venue. 3. Shareholders were provided with access to information on the persons being initiators of the agenda items and nominating the candidates for the board of directors and the auditing commission (if establishment of the same is stipulated by the company's articles of association)	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Pursuant to Articles 2 and 3 of Federal Law No. 25-FZ dated 25 February 2022 'On Amendments to the Federal Law "On Joint Stock Companies" and Suspension of Certain Provisions of Legislative Acts of the Russian Federation', by decision of the board of directors (supervisory board) of a joint stock company in 2024, the General Meeting of Shareholders may be held in the form of absentee voting.</p> <p>The Board of Directors of Rosseti Kuban PJSC decided to convene the annual General Meeting of Shareholders in the form of absentee voting (Minutes No. 555/2024 dated 27 April 2024). For this reason, the notice of meeting did not specify the documents required for admission to the premises.</p> <p>Holding the annual General Meeting of Shareholders of the Company in the form of absentee voting is a forced measure. The Company provides an opportunity for shareholders to properly prepare for participation in the General Meeting of Shareholders.</p>
1.1.3	During the preparation and conduct of the general meeting, the shareholders had an opportunity to receive information on the meeting and materials hereto easily and in a timely manner, to ask questions to the executive bodies and members of the board of directors of the company, and communicate with each other	1. During the reporting period, shareholders were given an opportunity to ask members of the company's executive bodies and members of the company's board of directors questions in the course of preparations to the annual general meeting of shareholders and during the meeting as well. 2. The position of the board of directors (including the special opinions added to the minutes, if any) on each item of the agenda of the general meetings held during the reporting period was specified in the materials for the general meeting. 3. The company provided authorised shareholders with access to the list of persons eligible for participation in the general meeting of shareholders, starting from the date when this list was received by the company; this applies to all such meetings in the reporting period	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.1.4	A shareholder's right to demand that the general meeting of shareholders be convened, nominate candidates to the governing bodies and propose agenda items for the general meeting was exercised without unnecessary elements of complexity	1. The company's articles of association stipulates a deadline for shareholders to submit proposals for inclusion on the agenda of the annual general meeting of shareholders; such deadline should be at least 60 days after the end of the relevant calendar year. 2. In the reporting period, the company did not reject proposals regarding agenda items or candidates nominated to the company's bodies because of misprints and other minor drawbacks in a shareholder's proposal	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.1.5	Each shareholder had an opportunity to freely exercise the right to vote in the simplest and most convenient for them way	1. The company's articles of association provides for the possibility of completing the electronic form of the ballot on the website (its address is specified in the notice of the general meeting of shareholders)	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.1.6	The procedure for holding the general meeting established in the company provides all persons present at the meeting with equal opportunities for expressing their opinions and asking questions	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 of interest on the agenda. 2. The company invited candidates to the management and control bodies of the company and took all necessary steps to ensure their participation in the general meeting of shareholders, at which their nominations were put to a vote. The nominees to the management and control bodies of the company who were present at the general meeting of shareholders were available to answer questions from shareholders. 3. The sole executive body, the accounting officer, the chair or other members of the audit committee of 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 remote access of shareholders to participate in general meetings, or the board of directors made a reasonable decision that there was no need (possibility) to use such means in the reporting period	<p>In accordance with Federal Law No. 519-FZ dated 19 December 2022 'On Amendments to Certain Legislative Acts of the Russian Federation and Suspension of Certain Provisions of Legislative Acts of the Russian Federation', the annual General Meeting of Shareholders of Rosseti Kuban PJSC in 2024 was held in the form of absentee voting; therefore, the above criteria for assessing compliance with this corporate governance principle are not applicable.</p>	

<sup>1</sup> The 'complied with' status shall be indicated only if the company's corporate practices meet all the criteria for compliance with the principle of corporate governance listed in the third column of the Code compliance report form. If the company's corporate practices meet only some of the compliance criteria or do not meet any of them, the fourth column of the Code compliance report form indicates the status of compliance with the Code principle as 'partially complied with' or 'not complied with' respectively.

<sup>2</sup> Specified for each assessment criterion (compliance criterion) of the corporate governance principle in case the company complies with only part of the criteria or does not comply with any of the criteria for assessing compliance with the principle.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
<b>1.2</b>	<b>The shareholders are given equal and equitable opportunities to receive a share of the company's profits by receiving dividends</b>			
1.2.1	The company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and their payment	<ol style="list-style-type: none"> <li>The company's regulation on the dividend policy was approved by the board of directors and disclosed on the company's website.</li> <li>If the dividend policy of a company compiling the consolidated financial statements uses the indicators of the company's statements to determine the amount of dividends, then the appropriate provisions of the dividend policy account for the consolidated indicators of the financial statements.</li> <li>Justification of the proposed distribution of net profit, including the 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 justification of the need to direct a certain portion 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 the payment (declaration) of dividends)</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.2.2	The company does not make a decision on dividend payment if such a decision is economically infeasible and may create a misleading impression as to the company's operations, despite formal compliance of such decision with the legislation	<ol style="list-style-type: none"> <li>The regulations on company's dividend policy, in addition to the statutory restrictions, define the financial/economic circumstances the company should not decide to pay dividends under</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.2.3	The company does not allow a deterioration in terms of dividend rights of existing shareholders	<ol style="list-style-type: none"> <li>In the reporting period, the company did not take any actions causing deterioration in terms of dividend rights of existing shareholders</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.2.4	The company aims to ensure that shareholders do not have any other ways to receive profit (income) from the company, except as dividends and liquidation value	<ol style="list-style-type: none"> <li>During the reporting period, there were no other ways for the entities controlling the company to receive profit (income) at the company's expense other than dividends (e.g., through transfer pricing, unjustified provision of services to the company by the controlling entity at inflated prices, through internal loans substituting dividends to the controlling entities and (or) its controlled entities)</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>1.3</b>	<b>The corporate governance system and practices should ensure equitable treatment of all shareholders owning shares of one class (type), including minority (small) shareholders and foreign shareholders, and equal treatment of them by the company</b>			
1.3.1	The company made sure that its governing bodies and controlling entities treat each and every shareholder fairly, while also preventing abuse of minority shareholders by major shareholders	<ol style="list-style-type: none"> <li>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 there were, the board of directors paid due attention to the same</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
1.3.2	The company does not take any actions which cause or may cause artificial redistribution of corporate control	<ol style="list-style-type: none"> <li>There were no quasi-treasury shares in the company, or they did not participate in voting in the reporting period</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>1.4</b>	<b>Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares</b>			
1.4	Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares	<ol style="list-style-type: none"> <li>The technology and service conditions of the company registrar meet the needs of the company and its shareholders and ensure that shareholder rights are regarded and exercised in the most efficient manner</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>2.1</b>	<b>The board of directors is responsible for the strategic management of the company; it formulates the basic principles and approaches to the development of the risk management and internal control system, supervises the work of the company's executive bodies and performs other core functions</b>			

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2.1.1	The board of directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including due to improper performance of their functions. The board of directors also ensures that the company's executive bodies act in accordance with the approved development strategy and the company's key areas of business	<ol style="list-style-type: none"> <li>The board of directors has the power to appoint and dismiss members of executive bodies, as well as to determine the terms and conditions of their contracts; those powers are stipulated in the articles of association.</li> <li>During the reporting period, the nominations (appointments, personnel)<sup>1</sup> committee reviewed the compliance of the professional qualifications, skills and experience of the members of the executive bodies in respect of the current and expected needs of the company as dictated by the approved strategy of the company.</li> <li>In the reporting period, the board of directors reviewed the report(s) of the sole executive body and the collegial executive body (if any) on the implementation of the company's strategy</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is partially complied with.</p> <p>During the reporting period, the Board of Directors of the Company did not review the reports of the sole executive body and members of the collegial executive body of the Company on the implementation of the Company's strategy.</p> <p>The Company's strategic goals were approved by the Company's Management Board on 10 April 2017.</p> <p>Being part of the unified power distribution grid complex of Russia and the Group of Companies of Rosseti PJSC, the Company strives to achieve the goals set by the state. The strategic goals and development priorities for Rosseti Group companies are focused on implementing industry strategic planning documents, including the Energy Strategy of the Russian Federation until 2035, approved by Decree of the Russian Government No. 1523-r dated 9 June 2020, as well as the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050, approved Decree of the Government of the Russian Federation No. 3052-r dated 29 October 2021, Decree of the President of the Russian Federation No. 204 dated 7 May 2018 'On National Goals and Strategic Objectives of the Russian Federation for the Period until 2024' (until 7 May 2024, as amended by Decree of the President of the Russian Federation No. 474 dated 21 July 2020), Decree of the President of the Russian Federation No. 309 dated 7 May 2024 No. 309 'On the National Development Goals of the Russian Federation for the Period until 2030 and the Outlook until 2036,' forecasts of the socio-economic development of the Russian Federation for 2025 and for the planning period 2026 and 2027, and other documents of state strategic planning in the field of electric power.</p> <p>During the reporting period, the Board of Directors reviewed reporting information on key strategic issues and policy documents, including the investment programme, digital transformation programme, business plan, key performance indicators, etc. In the new strategic planning period of 2025–2030, the Company's development will be carried out within the framework of the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates for the period up to 2030, approved by the Board of Directors of Rosseti PJSC (Minutes No. 682 dated 31 March 2025) and the plan developed by the Company to implement measures aimed at fulfilling this strategy and the Company's strategic objectives approved by the Management Board.</p>
2.1.2	The board of directors decides on the main long-term strategic targets for the company's operations, assesses and approves key performance indicators and the company's main business goals, assesses and approves the strategy and business plans for the company's core business areas	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors addressed issues related to the implementation and review of the strategy, approval of the financial and economic plan (budget) of the company, as well as consideration of criteria and indicators (including interim indicators) related to the implementation of the company's strategy and business plans</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Partially complied with, as the Company does not comply with the recommendations to consider issues related to the implementation and updating of the strategy, as well as the criteria and indicators for the implementation of the strategy, at meetings of the Company's Board of Directors.</p> <p>The Company's strategic goals were approved by the Company's Management Board on 10 April 2017. The strategic goals and development priorities for Rosseti Group companies are focused on implementing industry strategic planning documents, including the Energy Strategy of the Russian Federation until 2035, approved by Decree of the Russian Government No. 1523-r dated 9 June 2020, as well as the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050, approved Decree of the Government of the Russian Federation No. 3052-r dated 29 October 2021, Decree of the President of the Russian Federation No. 204 dated 7 May 2018 'On National Goals and Strategic Objectives of the Russian Federation for the Period until 2024' (until 7 May 2024, as amended by Decree of the President of the Russian Federation No. 474 dated 21 July 2020), Decree of the President of the Russian Federation No. 309 dated 7 May 2024 No. 309 'On the National Development Goals of the Russian Federation for the Period until 2030 and the Outlook until 2036,' forecasts of the socio-economic development of the Russian Federation for 2025 and for the planning period 2026 and 2027, and other documents of state strategic planning in the field of electric power.</p> <p>During the reporting period, the board of directors reviewed reporting information on key strategic issues and policy documents, including the investment programme, digital transformation programme, business plan, key performance indicators, etc. In the new strategic planning period of 2025–2030, the Company's development will be carried out within the framework of the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates, approved by the Board of Directors of Rosseti PJSC (Minutes No. 682 dated 31 March 2025) and the plan developed by the Company to implement measures aimed at fulfilling this strategy and the Company's strategic objectives approved by the Management Board.</p>
2.1.3	The board of directors determines the principles and approaches to the development of the risk management and internal control system in the company	<ol style="list-style-type: none"> <li>1. The principles of and approaches to the organisation of the risk management and internal control system in the company are determined by the board of directors and stipulated in the company's internal documents, which determine the risk management and internal control policy.</li> <li>In the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered the expediency of submitting the issue of revising the company's risk appetite for consideration by the board of directors</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is partially complied with. The risk appetite of Rosseti Group was approved by a resolution of the Board of Directors of Rosseti PJSC dated 2 August 2023 (Minutes No. 626 dated 4 August 2023). The preferred risk indicators (risk appetite) of Rosseti Kuban PJSC were approved by the decision of the Company's Board of Directors dated 4 October 2023 (Minutes No. 535/2023 dated 5 October 2023). In accordance with the rules for determining the preferred risk (risk appetite) of Rosseti PJSC and its subsidiaries (Rosseti group of companies), the risk appetite is reviewed annually and updated as necessary. Information on compliance with risk appetite indicators in the Report on the Organisation, Functioning and Effectiveness of the RM&amp;ICS of Rosseti Kuban PJSC for 2023 was reviewed by the Board of Directors on 22 April 2024 (Minutes No. 552/2024). The Report on the Organisation, Functioning and Effectiveness of the RM&amp;ICS of Rosseti Group for 2023 was reviewed by the Board of Directors (Minutes of the Board of Directors No. 659 dated 17 July 2024). As at year-end 2023, the risk appetite indicators of Rosseti Group were met, and there was no need to reapprove the risk appetite indicators for the reporting year.</p>

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2.1.4	The board of directors shapes the company's policy on the payment of remunerations and (or) compensations (reimbursement) to the members of the board of directors, executive bodies or other key executives of the company	<ol style="list-style-type: none"> <li>The company developed, approved (by the board of directors) and implemented the policy (policies) on remunerations and compensations (reimbursement) to the members of the board of directors, executive bodies and other key executives of the company.</li> <li>In the reporting period, the meetings of the board of directors addressed issues related to the said policy (policies)</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.1.5	The board of directors is instrumental in preventing, identifying and resolving internal conflicts between the company's bodies, its shareholders and employees	<ol style="list-style-type: none"> <li>The board of directors plays a key role in preventing, identifying and resolving internal conflicts.</li> <li>The company created a system for identifying transactions involving a conflict of interest and a system of measures for resolving such conflicts</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.1.6	The board of directors is instrumental in ensuring the transparency of the company, timeliness and completeness of information disclosure by the company, and easy access of shareholders to the company's documents	<ol style="list-style-type: none"> <li>The company's internal documents define the persons responsible for implementing the information policy</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.1.7	The board of directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events	<ol style="list-style-type: none"> <li>During the reporting period, the board of directors reviewed the results of a self-assessment and/or an external assessment of the company's corporate governance practices</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>2.2</b>	<b>The board of directors is accountable to the company's shareholders</b>			
2.2.1	Information on the performance of the board of directors is disclosed and presented to shareholders	<ol style="list-style-type: none"> <li>The annual report of the company for the reporting period includes information on attendance of meetings of the board of directors and committees by individual directors.</li> <li>The annual report includes information on the main results of performance assessment (self-assessment) of the board of directors carried out in the reporting period</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.2.2	The chair of the board of directors is available for communication with the company's shareholders	<ol style="list-style-type: none"> <li>The company has a transparent procedure in place to ensure that shareholders can send their enquires to and receive feedback from the chair of the board of directors (and, where applicable, the senior independent director)</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>2.3</b>	<b>The board of directors is an effective and professional governing body of the company capable of making objective independent judgements and take decisions in the interests of the company and its shareholders</b>			
2.3.1	Only persons having an impeccable business and personal reputation and the knowledge, skills and experience required for making decisions within the competence of the board of directors and for efficient performance of its functions are elected to the board of directors	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors (or the nomination committee) assessed candidates for the board of directors from the point of view of experience, knowledge, business reputation, lack of conflict of interest, etc.</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>During the reporting year, the Board of Directors and its Personnel and Remuneration Committee did not conduct the assessment procedure for nominees to the Board of Directors.</p> <p>However, data on the education and work experience of the nominees to the Board of Directors is included in the set of pre-reading materials of general meetings of shareholders and is published on the Company's official website.</p> <p>In addition, a questionnaire survey is conducted for the elected members of the Board of Directors to obtain detailed information on the Board members, their education, work experience, ownership of the Company's shares, positions held in other organisations, etc.</p> <p>Based on the analysis of the personal data, the current and previous composition of the Company's Board of Directors includes persons with high professional qualifications and work experience in various industries.</p>
2.3.2	The members of the board of directors are elected under a transparent procedure, through which shareholders can obtain information about the candidates to the extent sufficient to form an opinion about their personal and professional qualities	<ol style="list-style-type: none"> <li>In all cases when the agenda of a general meeting of shareholders held in the reporting period included election to the board of directors, the company provided its shareholders with biographical details of all candidates for the board of directors, results of assessment of compliance of their professional qualifications, skills and experience with the current and expected needs of the company (such assessment to be carried out by the board of directors (or its nomination committee)), as well as information on whether the candidate met the criteria of independence in accordance with recommendations 102–107 of the Code and the written consent of the candidates for election to the board of directors</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>In the reporting period, when holding General Shareholders' Meetings, the agenda of which included the election of the Board of Directors, the Company did not present to the shareholders the results of the Board of Directors' assessment of the candidates' professional qualifications, experience and skills compliance with the current and expected needs of the Company. To comply with this criterion, the Company intends to develop amendments to the Company's internal documents concerning the above provisions.</p>
2.3.3	The composition of the board of directors is balanced, including in terms of its members' qualifications, experience, knowledge and business skills, and have shareholders' confidence	<ol style="list-style-type: none"> <li>During the reporting period, the board of directors analysed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the board of directors in the short and long term</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

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2.3.4	The number of members of the company's board of directors makes it possible to organise its work most effectively, including the opportunity to form board committees, as well as gives the company's substantial minority shareholders an opportunity to elect their candidate to the board of directors	1. During the reporting period, the board of directors considered whether the number of the board of directors' members meets the company's needs and the interests of shareholders	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.4	<b>An adequate number of independent directors sit on the board of directors</b>			
2.4.1	A person shall be qualified as an independent director if they have sufficient professional skills, experience and independence to form their own opinion, is able to make objective and fair judgements independently of the executive bodies of the company, individual groups of shareholders or other stakeholders.  It should be noted here that under normal circumstances a candidate (an elected member of the board of directors) associated with the company, its substantial shareholder, substantial counterparty, competitor or the government cannot be considered independent	1. In 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 recognised as independent by the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.4.2	The company assesses whether candidates for the board of directors meet the independence criteria, and a regular analysis is carried out to determine whether independent members of the board of directors meet those criteria. When carrying out such assessment, the content should prevail over the form	<p>1. In the reporting period, the board of directors (or the nomination committee) formed an opinion on the independence of each candidate nominated to the board of directors and provided the shareholders with the relevant statement.</p> <p>2. During the reporting period, the board of directors (or the board of directors' nomination committee) reviewed the independence of the current board of directors' members at least once (after they were elected).</p> <p>3. The company has developed procedures stipulating the actions to be taken by a member of the board of directors if he or she ceases to be independent, including the obligation to inform the board of directors of the same in a timely manner</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are not complied with.</p> <p>In the reporting period, the Board of Directors and Personnel and Remuneration Committee did not carry out the assessment of each candidate and member of the Board of Directors. In the reporting year, the Company determined the independence status of the Board of Directors members by criteria specified by the Code. The Company twice a year requested information from the members of the Board of Directors as necessary and sufficient for public disclosure and clarification of their status.</p> <p>The methodology approved by the Board of Directors established an approximate list of self-assessment criteria, including the criterion concerning the independence of Directors.</p> <p>Criterion 3 is complied with.</p>
2.4.3	Independent directors comprise at least one third of the elected members of the board of directors	1. Independent directors comprise at least one third of the membership of the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>The Board of Directors in the reporting year consisted of:</p> <ul style="list-style-type: none"> <li>– until 14.06.2024 – two independent directors,</li> <li>– since 14.06.2024 – one, which is less than one third of independent directors.</li> </ul> <p>Given the majority shareholder's predominant participation in the Company's authorised capital (99.72%), the Company has no ability to influence compliance with this component of the Code.</p> <p>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the effective organisation of independent directors' activities in the Company.</p> <p>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p>



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2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in significant corporate actions taken by the company	1. Within the reporting period, the independent directors (who had no conflict of interest) made a preliminary assessment of significant corporate actions involving potential conflict of interest and submitted the results of such assessment to the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Partially complied with.</p> <p>Independent directors (who do not have a conflict of interest) make a preliminary assessment of material corporate actions related to a potential conflict of interest only as part of the review of materials of the Strategy Committee of the Board of Directors, and as part of the consideration of materials sent to members of the Board of Directors.</p> <p>The Company's Articles of Association do not define the very notion of material corporate actions.</p> <p>However, the matters specified in the Corporate Governance Code relating to material actions:</p> <ul style="list-style-type: none"> <li>– Reorganisation of the Company</li> <li>– Acquisition of 30 per cent or more of the voting shares of the Company (acquisition)</li> <li>– Execution of major transactions by the Company</li> <li>– Increase or decrease in the authorised capital of the Company</li> <li>– Listing and delisting of the Company's shares</li> <li>– are referred to the competence of the Board of Directors or the General Meeting of Shareholders in accordance with applicable law and the Articles of Association of the Company.</li> </ul> <p>Most of these matters (with the exception of share delisting) fall within the remit of the Strategy Committee of the Board of Directors.</p> <p>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p>
2.5	<b>The chair of the board of directors ensures that the functions assigned to the board of directors are performed as efficiently as possible</b>			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director is selected from among elected independent directors to coordinate the activities of the independent directors and communicate with the chair of the board of directors	<p>1. The chair of the board of directors is an independent director or a senior independent director has been selected from among independent directors<sup>1</sup>.</p> <p>2. The role, rights and duties of the chair of the board of directors (and, if applicable, of the senior independent director) are properly specified in the company's internal documents</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is not complied with.</p> <p>The Chair of the Board of Directors is not an independent director.</p> <p>The Company's Board of Directors has not selected the Senior Independent Director at the lack of initiative of the Board of Directors members concerning election of the senior independent director.</p> <p>The Company has no ability to influence compliance with the criterion. Furthermore, since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p> <p>Criterion 2 is complied with.</p>
2.5.2	The chair of the board of directors creates a constructive atmosphere at the meetings, encourages open discussion of agenda items, and supervises the implementation of the resolutions adopted by the board of directors	1. The performance of the chair of the board of directors was assessed as part of the procedure for assessment (self-assessment) of the performance of the board of directors in the reporting period	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.5.3	The chair of the board of directors takes necessary measures to ensure timely provision of the members of the board of directors with information required to adopt resolutions on agenda items	1. The duty of the chair of the board of directors to take measures to ensure timely provision of the members of the board of directors with full and reliable information on agenda items of the meeting of the board of directors is stipulated in the company's internal documents	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.6	<b>Members of the board of directors act reasonably and in good faith in the interests of the company and its shareholders on the basis of sufficient information, exercising due diligence and care</b>			
2.6.1	In decision-making, members of the board of directors take into consideration all available information, provided that there is no conflict of interest, with equal treatment of the company's shareholders, and within the limits of common business risk	<p>1. The company's internal documents stipulate that a member of the board of directors shall inform the board of directors if there is a conflict of interest in relation to any issue on the agenda of the meeting of the board of directors or a board committee prior to discussion of that issue.</p> <p>2. The company's internal documents stipulate that a member of the board of directors shall refrain from voting on any issue in relation to which he or she has a conflict of interest.</p> <p>3. The company has established a procedure which allows the board of directors to obtain professional advice on issues within its competence at the expense of the company</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is complied with partially in terms of the members of the Board of Directors, which are also members of the Board Committees.</p> <p>The norm that allows to a member of the Board of Directors and its Committee to get professional advice on issues concerning his/her competence at the Company's expense is contained in the regulations on the committees.</p> <p>However, the Regulations on the Board of Directors do not provide for this procedure. The Company will make appropriate amendments to the Regulations on the Board of Directors of the Company in the future provided that there is a corresponding position of the majority shareholder.</p>

<sup>1</sup> It is recommended to indicate in the fifth column of the Code compliance report form which of the two alternative approaches allowed by the principle is being implemented in the company and to explain the reasons for the chosen approach.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
2.6.2	The rights and responsibilities of the members of the board of directors are clearly worded and set out in the company's internal documents	1. The company has adopted and published an internal document which clearly determines the rights and responsibilities of the members of the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.6.3	Members of the board of directors have sufficient time to perform their duties	<p>1. Individual attendance of the meetings of the board of directors and committees, as well as sufficient time to work on the board of directors, including its committees, is analysed as part of the procedure for assessment (self-assessment) of the board of directors' performance in the reporting period.</p> <p>2. In accordance with the company's internal documents, members of the board of directors shall inform the board of directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by the company), and of the fact of such an appointment</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is not complied with. The internal documents do not stipulate that the Board members shall inform the Board of Directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by or affiliated with the company), and of the fact of such an appointment.</p> <p>But in the real world, the Company:</p> <ul style="list-style-type: none"> <li>Quarterly requests the data on held positions from the members of the governing bodies</li> <li>Monitors open sources of information on joining the members of the Company's Board of Directors to the governing or control bodies of other organisations on a regular basis</li> <li>Send notices to the members of the Board of Directors and the Auditing Commission of signs of possible interest in the Company's transactions received from members of the Board of Directors and the Company's controlling person.</li> </ul>
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 on the company and the work of the board of directors in the shortest time possible	<p>1. In accordance with the company's internal documents, the 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 executive bodies of the company should ensure that relevant information and documents are provided.</p> <p>2. The company has a formalised induction programme for newly elected members of the board of directors</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.7	<b>Meetings of the board of directors, preparation for them and participation of the members of the board of directors in the meetings enable efficient work of the board of directors</b>			
2.7.1	Meetings of the board of directors are held when necessary, given the scale of the company's operations and challenges facing the company at any particular time	1. The board of directors held at least six meetings in the reporting year	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.7.2	The company's internal documents set out a procedure for preparing and holding meetings of the board of directors, ensuring that the members of the board of directors are able to prepare for them properly	<p>1. The company has approved an internal document which determines the procedure for preparing and holding meetings of the board of directors and stipulates, among other things, that notification of the meeting shall be generally given at least five days before the date of such meeting.</p> <p>2. During the reporting period, the members of the board of directors who were not present at the meeting venue were given the opportunity to participate in the discussion of agenda items and vote remotely via conference calls and video conferencing</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.7.3	The format of the meeting of the board of directors depends on the importance of agenda items. The most important issues are addressed at in-person meetings	1. The company's articles of association or internal documents stipulate that the most important issues (including those listed in recommendation 168 of the Code) should be considered at in-person meetings of the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>The list of issues that must be considered by the Board of Directors at face-to-face meetings is set out in the Regulation on the Board of Directors and does not completely correspond to the list given in recommendation 168 of the Code.</p> <p>At the same time, according to these Regulations, the form of a meeting of the Board of Directors is determined by the Chair of the Company's Board of Directors taking into account the importance of agenda items.</p> <p>The Company has no ability to influence compliance with the criterion</p>
2.7.4	Resolutions concerning the most important issues of the company's business are adopted at the meeting of the board of directors by a qualified majority or by a majority of votes cast by all elected members of the board of directors	1. The company's articles of association stipulate that resolutions concerning the most important issues specified in recommendation 170 of the Code shall be adopted at a meeting of the board of directors by a qualified majority comprising at least 3/4 of votes, or by a majority of votes cast by all elected members of the board of directors	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>The Company's Articles of Associations do not stipulate that resolutions concerning the most important issues specified in recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by a qualified majority comprising at least three quarters of votes, or by a majority of votes cast by all elected members of the Board of Directors.</p> <p>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the traditionally high attendance of meetings by Board members and the Company's decision-making procedures: decisions made by the Board of Directors are based on the consensus of all Board members, and key decisions are preliminarily debated within the Board committees.</p>
2.8	<b>The board of directors establishes committees for preliminary consideration of the most important issues related to the company's business</b>			
2.8.1	An audit committee consisting of independent directors has been established for preliminary consideration of any issues related to the monitoring of the company's financial and business operations	<p>1. The board of directors has formed the audit committee, consisting of independent directors only.</p> <p>2. The company's internal documents set out the duties of the audit committee, including those specified in recommendation 172 of the Code.</p> <p>3. At least one member of the audit committee who is an independent director has experience in and knowledge of preparation, analysis, assessment and audit of accounting (financial) statements.</p> <p>4. The meetings of the audit committee were held at least once a quarter in the reporting period</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is not complied with. The Audit Committee has one independent director. In the reporting year, the number of independent members of the Board of Directors was insufficient to make up the Audit Committee solely from independent directors.</p> <p>The Company has no ability to influence compliance with the criterion. Furthermore, since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p> <p>Criteria 2–4 are complied with.</p>



No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
2.8.2	A remuneration committee consisting of independent directors and chaired by an independent director who is not the chair of the board of directors was established for preliminary consideration of any issues related to the establishment of an efficient and transparent remuneration practice	<ol style="list-style-type: none"> <li>The board of directors has formed the remuneration committee, consisting of independent directors only.</li> <li>The chair of the remuneration committee is an independent director who is not the chair of the board of directors</li> <li>The company's internal documents determine the tasks of the remuneration committee, including but not limited to the tasks contained in recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revision of the company's remuneration policy for the members of the board of directors, executive bodies and other key executives</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is not complied with. The Personnel and Remuneration Committee of the Board of Directors of the Company does not currently include independent directors. Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p> <p>Criterion 2 is partially complied with. The Chairman of the Human Resources and Remuneration Committee of the Board of Directors of the Company is not a member of the Board of Directors of the Company.</p> <p>Criterion 3 is partially complied with. The Regulations on the Personnel and Remuneration Committee of the Board of Directors of the Company set out the tasks, which are partially in line with the recommendations of the Code. The Regulations on the Personnel and Remuneration Committee do not define the conditions (events), upon the occurrence of which the Committee considers the revision of the Company's policy on remuneration of members of the Board of Directors of the Company, executive bodies and other key executives.</p>
2.8.3	A nomination (appointment, personnel) committee consisting mostly of independent directors has been established for preliminary consideration of any issues related to workforce planning (succession planning), professional composition and performance of the board of directors	<ol style="list-style-type: none"> <li>The board of directors has established the nomination committee (or another committee performs its duties specified in recommendation 186 of the Code<sup>1</sup>) consisting mostly of independent directors.</li> <li>The company's internal documents set out the duties of the nomination committee (or another committee with shared functions), including those specified in recommendation 186 of the Code.</li> <li>In the reporting period, in order to form the board of directors that best meets the company's goals and objectives, the nomination committee organised interaction with shareholders, not limited to the largest shareholders, in the context of selecting candidates to the board of directors of the company, either individually or jointly with other committees of the board of directors or the company's authorised subdivision in charge of relations with shareholders</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is partially complied with. The Company established the Personnel and Remuneration Committee, which fulfils the tasks of the nomination committee. It does not include independent directors; at the same time, since the Company has lost the status of a public company, it is irrelevant for it to have independent directors on the Board of Directors.</p> <p>Criterion 2 is partially complied with. Among the tasks specified in the Code's recommendations, the Personnel and Remuneration Committee was assigned only those pertaining to:</p> <ul style="list-style-type: none"> <li>Determination of criteria for selecting candidates to the Board of Directors, Management Board members and to the position of the Company's sole executive body, as well as their preliminary assessment</li> <li>Regular assessment of the performance of the person who performs the functions of the sole executive body, members of the Management Board and preparation of proposals for the Board of Directors on the possibility of their reappointment</li> </ul> <p>The Company has no ability to influence compliance with the said criteria.</p> <p>Criterion 3 is not applicable in 2024 because, due to the presence of the majority shareholder with a 99.72% stake, the votes of other shareholders are insufficient to elect at least one nominee to the Board of Directors.</p>
2.8.4	Given the scale of business and the risk level, the company's board of directors made sure that the membership of its committees meets all objectives of the company's operations. Additional committees have been either formed or considered unnecessary (the strategy committee, the corporate governance committee, the ethics committee, the risk management committee, the budget committee, the health, safety and environment committee, etc.)	<ol style="list-style-type: none"> <li>In the reporting period, the company's board of directors considered whether the structure of the board of directors is appropriate to the scope, nature, business goals, needs, and risk profile of the company. Additional committees were either formed or considered unnecessary</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
2.8.5	The membership of committees is determined so that it would enable a comprehensive discussion of issues for preliminary consideration, taking into account different opinions	<ol style="list-style-type: none"> <li>The audit committee, remuneration committee, and nominations committee (or the relevant committee with a combined function) were chaired by independent directors in the reporting period.</li> <li>The company's internal documents (policies) contain provisions whereby persons who are not members of the audit committee, the nominations committee or the remuneration committee (or the relevant committee with a combined function) may only attend meetings of the committees by invitation of the chair of the relevant committee</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is not complied with. The Audit Committee and the Personnel and Remuneration Committee were not chaired by independent directors in the reporting period. The Company has no ability to influence compliance with the criterion. Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p> <p>Criterion 2 is complied with.</p>
2.8.6	The chairs of the committees regularly inform the board of directors and its chair on the performance of their committees	<ol style="list-style-type: none"> <li>In the reporting period, the chairs of the committees regularly reported to the board of directors on the performance of their committees</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
<b>2.9</b>	<b>The board of directors arranges an assessment of the performance of the board of directors, its committees and members</b>			
2.9.1	The performance assessment of the board of directors is aimed at determining the level of efficiency the of the board of directors, its committees and members, whether their work meets the company's development needs, as well intensifying the work of the board of directors and identifying opportunities for the improvement of its performance	<ol style="list-style-type: none"> <li>The company's internal documents stipulate the procedures for assessing (self-assessing) the board of directors' performance.</li> <li>The assessment (self-assessment) of the board of directors' performance carried out in the reporting period included an assessment of the work of the committees, an individual assessment of each member of the board of directors and the board of directors as a whole.</li> <li>The results of the assessment (self-assessment) of the board of directors' performance carried out during the reporting period were reviewed at an in-person meeting of the board of directors</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is partially complied with. In the reporting year, a self-assessment of the quality of the Board's performance for the 2023–2024 corporate year was carried out, which included an assessment of the performance of the Board as a whole, its chairman and each committee. There was no individual assessment of the Board members, except for the Chairman.</p> <p>Criterion 3 is partially complied with. The results of the self-assessment of the Board's quality of work carried out during the reporting period were reviewed by the Board of Directors in absentia.</p> <p>As set out in the Regulations on the Board of Directors of the Company, the form of the Board meeting shall be determined by the Chairman of the Board of Directors of the Company.</p>

<sup>1</sup> If the tasks of the nominations committee are implemented within another committee, state its name.

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
2.9.2	The performance of the board of directors, committees and members of the board of directors is assessed on a regular basis at least once a year. An external organisation (consultant) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance	1. An external organisation (consultant) was engaged to perform an independent assessment of performance of the board of directors at least once during the last three reporting periods	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	The Company did not engage any external organisation (consultant) to conduct an independent assessment of the quality of the Board of Directors' work during the last three reporting periods. In doing so, the Board and its committees conducted a self-assessment of the quality of their work for the 2023–2024 corporate year.
3.1	<b>The company's corporate secretary facilitates efficient ongoing communication with shareholders, coordinates the company's efforts aimed at protecting the shareholders' rights and interests and supports efficient work of the board of directors</b>			
3.1.1	The corporate secretary has knowledge, expertise and qualification sufficient for performing their duties; they should also have an excellent reputation and find shareholders' credence	1. The company's website and the annual report contain biographical information on the corporate secretary (including information on age, education, qualifications, experience), as well as information on positions in management bodies of other legal entities held by the corporate secretary for at least the last five years	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the necessary powers and resources to carry out their tasks	<p>1. The company adopted and disclosed an internal document: the regulations on the corporate secretary.</p> <p>2. The board of directors approves the candidate for the position of corporate secretary, terminates their powers and considers the payment of additional remuneration to them.</p> <p>3. The company's internal documents stipulate the corporate secretary's right to request and receive company documents and information from management bodies, subdivisions and officers of the company</p>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.1	<b>The amount of remuneration paid by the company is sufficient for attracting, motivating and retaining employees who have the competence and qualification required by the company. Remuneration is paid to the members of the board of directors, executive bodies and other key executives of the company in accordance with the remuneration policy adopted by the company</b>			
4.1.1	Remuneration paid by the company to the members of the board of directors, executive bodies and other key executives is sufficient to motivate them to work efficiently, enabling the company to attract and retain competent and qualified specialists. At the same time, the company avoids paying remuneration that is larger than necessary and seeks to prevent an unreasonably large gap between the amounts of remuneration paid to the said persons and the company's employees	1. Remuneration of members of the board of directors, executive bodies and other key executives of the company is determined based on the results of a comparative analysis of remuneration levels in peer companies	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.1.2	The company's remuneration policy was developed by the remuneration committee and approved by the board of directors. The board of directors supported by the remuneration committee monitors the adoption and implementation of the remuneration policy in the company and, if necessary, revises it and makes adjustments to it	1. During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and (or) practices of its (their) implementation, assessed their efficiency and transparency, and, if necessary, submitted respective recommendations to the board of directors for revision of the said policy (policies)	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it regulates all types of payments, benefits and privileges provided to the said persons	1. The remuneration policy (policies) of the company includes (include) transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it (they) regulates (regulate) all types of payments, benefits and privileges provided to the said persons	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.1.4	The company formulates the policy on reimbursement of expenses (compensation), which defines the expenses to be reimbursed and the service level, which may be provided to members of the board of directors, executive bodies and other key executives of the company. This policy may constitute a part of the company's remuneration policy	1. The remuneration policy (policies) or other internal documents of the company establish the procedures for reimbursement of expenses incurred by members of the board of directors, executive bodies and other key executives of the company	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

No.	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
4.2	<b>The system of remuneration for the members of the board of directors ensures that the directors' financial interests are aligned with the long-term financial interests of shareholders</b>			
4.2.1	The company pays fixed annual remuneration to the members of the board of directors. The company does not pay remuneration for participating in individual meetings of the board of directors or committees under the board of directors.  The company does not offer short-term or additional financial incentives to the members of the board of directors	<ol style="list-style-type: none"> <li>In the reporting period, the company paid remuneration to the members of the board of directors in accordance with the remuneration policy adopted by the company.</li> <li>In the reporting period, the company did not apply any forms of short-term motivation or additional material incentives to the members of the board of directors, the payment of which depends on the results (indicators) of the company's performance. No remuneration was paid for participation in individual meetings of the board of directors or the committees under the board of directors</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.2.2	Long-term ownership of the company's shares is the most important factor, ensuring that financial interests of members of the board of directors are aligned with long-term interests of shareholders. At the same time, the company does not make the right to sell shares dependent on compliance with certain performance targets, and the members of the board of directors do not participate in stock options plans	<ol style="list-style-type: none"> <li>If an internal document (documents), namely the company's policy (policies) on remuneration, stipulates (stipulate) that members of the board of directors are to be provided with shares, clear rules regarding the ownership of shares by the members of board of directors, which are aimed at encouraging long-term ownership of such shares, should be introduced and detailed</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.2.3	The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances	<ol style="list-style-type: none"> <li>The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.3	<b>The system of remuneration for members of executive bodies and other key executives of the company ensures that the remuneration is linked to the company's performance and reflects their personal contribution to such performance</b>			
4.3.1	Remuneration paid to the members of executive bodies and other key executives of the company is determined in such a way as to ensure a reasonable and justified ratio of fixed components of remuneration to its variable components, which depend on the company's performance and an employee's personal (individual) contribution to such performance	<ol style="list-style-type: none"> <li>In the reporting period, annual performance indicators approved by the board of directors were used to determine variable components of remuneration for the members of executive bodies and other key executives of the company.</li> <li>During the last assessment of the system of remuneration for the members of executive bodies and other key executives of the company, the board of directors (the remuneration committee) made sure that the company used an effective combination of fixed and variable components of remuneration.</li> <li>When determining the amount of remuneration payable to the members of executive bodies and other key executives of the company, consideration is given to the risks borne by the company in order to avoid creating incentives for taking excessively risky management decisions</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
4.3.2	The company has implemented a long-term incentive plan for the members of executive bodies and other key executives involving the use of the company's shares (options or other derivatives for which the company's shares are underlying assets)	<ol style="list-style-type: none"> <li>If the company introduced a long-term incentive programme for members of executive bodies and other key executives of the company using company shares (financial instruments based on company shares), the programme stipulates that the right to sell such shares and other financial instruments shall not arise earlier than three years after provision of the same. At the same time, the right to sell them is related to achievement of certain performance targets of the company</li> </ol>		The assessment of compliance with the criterion in this paragraph cannot be given as the Company does not have a long-term incentive programme for senior managers using the Company's shares (financial instruments based on the Company's shares).
4.3.3	The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the company's initiative and in the absence of wrongdoings on their part does not exceed twice the size of the fixed component of annual remuneration	<ol style="list-style-type: none"> <li>The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the company's initiative and in the absence of wrongdoings on their part did not exceed twice the size of the fixed component of annual remuneration in the reporting period</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
5.1	<b>The company has in place an effective risk management and internal control system aimed at providing reasonable assurance that the company would achieve its goals</b>			
5.1.1	The board of directors established the principles of and approaches to organising a risk management and internal control system in the company	<ol style="list-style-type: none"> <li>Functions of the company's various governing bodies and divisions within the risk management and internal control system are clearly defined in internal documents/ the relevant policy of the company approved by the board of directors</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	

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5.1.2	The company's executive bodies ensure the creation and support of an efficient risk management and internal control system in the company	1. The company's executive bodies have ensured the distribution of duties, powers and responsibility in the sphere of risk management and internal control among heads of subdivisions and divisions accountable to them	complied with  partially complied with  not complied with	
5.1.3	The risk management and internal control system of the company gives a fair, objective and clear picture of the current situation in the company and its prospects and ensures integrity and transparency of the company's statements. It also ensures that risks taken by the company are reasonable and acceptable	1. The company has the anti-corruption policy approved. 2. The company has developed a convenient, safe and confidential method (hotline) for informing the board of directors or its audit committee about violations of the law, internal procedures or the corporate code of ethics	complied with  partially complied with  not complied with	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is in line with the principles of and approaches to its organisation formulated by the board of directors and that it functions efficiently	1. During the reporting period, the board of directors (audit committee and/or risk committee, if any) organised an assessment of the reliability and effectiveness of the risk management and internal control system. 2. During the reporting period, the board of directors reviewed the results of the assessment of the reliability and efficiency of the company's risk management and internal control system; information on the results of the review is included in the company's annual report	complied with  partially complied with  not complied with	
5.2	<b>The company organises internal audit in order to make an independent and systematic assessment of the reliability and performance of the risk management and internal control system and the corporate governance practice</b>			
5.2.1	To conduct internal audit, the company has in place a separate subdivision or has engaged an independent third-party organisation. Functional accountability and administrative accountability of the internal audit subdivision are delineated. The internal audit subdivision is functionally accountable to the board of directors.	1. To conduct internal audit, the company has created a separate subdivision responsible for internal audit which is functionally accountable to the board of directors, or an independent third-party organisation has been engaged following the same accountability principles	complied with  partially complied with  not complied with	
5.2.2	The internal audit subdivision assesses the reliability and effectiveness of the risk management and internal control systems as well as the corporate governance, and applies generally accepted internal auditing standards	1. During the reporting period, internal audit assessed the reliability and effectiveness of the risk management and internal control system. 2. In the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (along with those related to internal control and risk management) at all management levels of the company, and interaction with stakeholders as well	complied with  partially complied with  not complied with	
6.1	<b>The company and its operations are transparent to shareholders, investors and other stakeholders</b>			
6.1.1	The company put in place an information policy ensuring effective communication between the company, its shareholders, investors and other stakeholders	1. The board of directors approved the company's information policy, which is developed in line with 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 expediency (need) to revise the company's information policy	complied with  partially complied with  not complied with	
6.1.2	The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations of the Code	1. The company discloses information about the internal corporate governance system and the general principles of corporate governance applied in the company, including disclosure on the company's website. 2. The company discloses information on the membership of executive bodies and the board of directors, independence of its members and their membership in the committees of the board of directors (as defined in the Code). 3. If there is an entity controlling the company, the company publishes a memorandum of this entity detailing plans of such entity concerning corporate governance in the company	complied with  partially complied with  not complied with	
6.2	<b>The company discloses comprehensive, up-to-date and accurate information on the company in a timely manner to ensure that its shareholders and investors are able to make informed decisions</b>			
6.2.1	The company discloses information in accordance with the principles of regularity, consistency and promptness, as well as availability, accuracy, comprehensiveness and comparability of data disclosed	1. The company has established a procedure that ensures coordination of work of all subdivisions and employees of the company who are related to disclosure of information or whose activities may result in the need to disclose information. 2. If the company's securities are traded on foreign organised markets, the disclosure of material information in the Russian Federation and on such markets is simultaneous and equivalent during the reporting year. 3. If foreign shareholders own a considerable number of shares in the company, information was disclosed not only in Russian but also in one of the prevailing foreign languages during the reporting year	complied with  partially complied with  not complied with	Criterion 1 is complied with.  Criteria 2 and 3 are not applicable to the Company.

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6.2.2	The company avoids using a formal approach to information disclosure and discloses material information on its operations even if the law does not require disclosing such information	<ol style="list-style-type: none"> <li>The company's information policy defines approaches to disclosure of information on other events (actions) which have a material effect on the value or quotation of its securities, disclosure of which is not required by law.</li> <li>The company discloses information on its capital structure in the annual report and on its website, in accordance with recommendation 290 of the Code.</li> <li>The company shall disclose information on controlled entities that are material to the company, including key areas of their activities, mechanisms for ensuring accountability of controlled entities, the authority of the company's board of directors to determine strategy and assess performance of controlled entities.</li> <li>The Company discloses non-financial reports – a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including factors related to the environment (inter alia, environmental and climate change-related factors), society (social factors) and corporate governance, except for the report of the issuer of equity securities and the annual report of a joint stock company</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is not applicable to the Company due to the absence of subsidiaries and affiliates that are significant to the Company.</p> <p>Criterion 4 is not complied with due to the absence of statutory requirements. The Annual Report for 2024 contains non-financial information as prescribed by the Recommendations on Disclosure by Public Joint Stock Companies of Non-Financial Information Related to Activities of Such Companies issued by the letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021.</p>
6.2.3	Being one of the most important means of communication with shareholders and other stakeholders, the annual report contains information enabling an assessment of the company's performance during the year	<ol style="list-style-type: none"> <li>The annual report of the company contains information on the results of the assessment by the audit committee of the effectiveness of the external and internal audit process.</li> <li>The company's annual report contains information on the company's environmental and social policy</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
6.3	<b>The company provides equal and easy access to information and documents at the shareholders' request</b>			
6.3.1	Shareholders can exercise their right of access to company documents and information without unnecessary difficulties	<ol style="list-style-type: none"> <li>The company's information policy (internal documents defining the information policy) defines a non-onerous procedure for providing access to the company's information and documents upon shareholders' requests.</li> <li>The information policy (internal documents defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
6.3.2	When the company provides information to shareholders, a reasonable balance is maintained between the interests of individual shareholders and those of the company, as the company is interested in maintaining confidentiality of important commercial information which may have a material effect on its competitiveness	<ol style="list-style-type: none"> <li>In the reporting period, the company did not reject shareholders' requests for information, or, if it did, it gave reasons for the refusal to provide information.</li> <li>In the cases stipulated by the company's information policy, shareholders are informed that the information is confidential and undertake to keep it confidential</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
7.1	<b>Actions that have or may have a substantial impact on the company's authorised capital structure and financial position and, accordingly, on the shareholders' position (significant corporate actions) are taken on equitable terms safeguarding the rights and interests of the shareholders and other stakeholders</b>			
7.1.1	Significant corporate actions include reorganisation of the company, purchase of 30 or more percent of the company's voting shares (acquisition), making major transactions, an increase or reduction of the authorised capital of the company, listing and delisting of the company's shares, as well as other actions that may result in a significant change of shareholders' rights or infringement of their interests. The company's articles of association provides a list (criteria) of transactions or other actions constituting significant corporate actions, and such actions fall within the competence of the company's board of directors	<ol style="list-style-type: none"> <li>The company's articles of association define a list (criteria) of transactions or other actions that constitute significant corporate actions. Making decisions about significant corporate actions is within the competence of the board of directors, according to the company's articles of association. In cases when the legislation specifically states that the exercise of corporate actions falls within the competence of the general meeting of shareholders, the board of directors provides the shareholders with the relevant recommendations</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>The Company's Articles of Associations does not provide a list of transactions or other actions constituting significant corporate actions and establishes criteria for their definition.</p> <p>However, decision-making on matters relating to material actions referred to in recommendation 303 of the Code (e.g., restructuring of the Company, increase/decrease in the authorised capital of the Company, decision-making on the participation of the Company in other organisations, decision-making on applying for delisting of the Company's shares and (or) equity securities convertible into its shares, decision-making on consent or subsequent approval of major transactions, approval of other transactions of the Company and its controlled entities) in accordance with the current legislation and the Articles of Association of the Company are the competence of the Board of Directors or the General Meeting of Shareholders. When any matters, including significant corporate actions, are put to shareholders at a General Meeting of Shareholders, the Board of Directors will make recommendations to shareholders accordingly.</p> <p>The Company plans to include in the Articles of Association and internal documents of the Company detailed provisions regulating legal relations related to material corporate actions taken by the Company, subject to the relevant decision of the majority shareholder.</p>
7.1.2	The board of directors plays a key role in making decisions or recommendations with regard to significant corporate actions; the board of directors relies on the opinion of independent directors of the company	<ol style="list-style-type: none"> <li>The company has established a procedure whereby independent directors express their opinions on significant corporate actions before those actions are approved</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>This procedure is not set out in the internal documents of the Company. The Company has no ability to influence compliance with the criterion.</p> <p>Since the Company has lost its public status, it is no longer necessary for it to have independent directors on its Board of Directors.</p>



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7.1.3	<p>When making significant corporate actions affecting the rights and legitimate interests of shareholders, equal conditions are provided for all shareholders of the company, and in case of insufficiency of statutory mechanisms aimed at the protection of shareholders, additional measures are taken to protect the rights and legitimate interests of shareholders of the company.</p> <p>At the same time, the company is guided not only by compliance with the formal requirements of the law but also by the corporate governance principles set out in the Code</p>	<ol style="list-style-type: none"> <li>The company's articles of association, taking into account the peculiarities of the company's operations, stipulate that the competence of the board of directors shall include approval of other transactions that are significant to the company, in addition to those provided for by law.</li> <li>During the reporting period, all significant corporate actions were approved prior to their implementation</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	
7.2	<p><b>The company ensures that significant corporate actions are taken in a manner that enables the shareholders to receive full information on such actions, provides them with an opportunity to influence such actions and guarantees that their rights are observed and properly protected when such actions are taken</b></p>			
7.2.1	<p>Information on significant corporate actions is disclosed, and an explanation of the reasons, conditions and consequences of such actions is provided</p>	<ol style="list-style-type: none"> <li>If the company performed significant corporate actions during the reporting period, the company disclosed information on such actions to shareholders in a timely and detailed manner, including disclosing the reasons, conditions and consequences of such actions</li> </ol>		<p>Compliance with the criterion in this paragraph cannot be assessed, as the Company did not engage in any significant corporate actions during the reporting period.</p>
7.2.2	<p>The rules and procedures for the implementation of significant corporate actions are set forth in the company's internal documents</p>	<ol style="list-style-type: none"> <li>The company's internal documents determine the cases and procedure for engaging an appraiser to determine the value of property to be alienated or acquired under a major transaction or an related-party transaction.</li> <li>The company's internal documents establish the procedure for engaging an appraiser to carry out an assessment of the company's shares, for the purposes of purchase or buyback.</li> <li>If there is no formal interest of a member of the board of directors, the sole executive body, member of the collegial executive body of the company or an entity being a controlling entity of the company or an entity entitled to give instructions binding on the company in transactions of the company, but if there is a conflict of interest or other actual interest, the internal documents of the company provide that such entities shall not participate in voting on approval of such transaction</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p>not complied with</p>	<p>Criteria 1 and 2 are complied with.</p> <p>Criterion 3 is not complied with.</p> <p>The Company will consider a possibility of corresponding changes development in case of necessity.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> <p>If there is no formal interest of a member of the Board of Directors, the sole executive body, member of the collegial executive body of the Company or an entity being a controlling entity of the Company or an entity entitled to give instructions binding on the Company in transactions of the Company, but if there is a conflict of interest or other actual interest, the internal documents of the Company do not prohibit for such entities to participate in voting on approval of such transaction.</p> <p>Given the nature of the activities of Rosseti Group, which includes the Company, transactions with legal entities controlled by Rosseti Kuban JSC, as well as with the Company's controlling entity (Rosseti PJSC) and other entities controlled by Rosseti PJSC, are related-party transactions.</p> <p>Legislation is currently moving towards simplifying the procedure for companies to enter into related-party transactions, as well as reducing the overall number of transactions recognised as related-party transactions. Thus, Federal Law No. 343-FZ dated 3 July 2016 introduced, effective 1 January 2017, a new procedure for related-party transactions through notification of members of management bodies, and also expanded the list of transactions that are not recognised as related-party transactions, including those with a price threshold, until which transactions can be concluded without the corporate actions provided for in Chapter XI of Federal Law No. 208-FZ dated 26 December 1995 'On Joint Stock Companies'.</p> <p>In the Company's opinion, the formal interest criteria established by the Federal Law 'On Joint Stock Companies' and, accordingly, the related cases of non-participation in voting on the approval of transactions are sufficient to ensure optimal protection of the rights and interests of shareholders and investors. Stipulation in the internal documents of cases when members of the Board of Directors of the Company and other persons do not participate in voting on approval of a transaction in the absence of formal interest, but in the presence of a conflict of interest or other actual interest, could make it difficult for the Company to operate due to the increased number of transactions recognised as related-party transactions.</p> <p>In addition, in view of the current lack of relevant guidance and/or explanations from the regulator, it is difficult to determine cases of actual interest other than those provided for in the Federal Law 'On Joint Stock Companies'.</p>