

It is safe to say that the Company's efforts in the reporting year to improve corporate governance were successful.

The management bodies of the Company made all the decisions that were required and sufficient to guarantee the Company's present and strategic operations in a timely and complete manner. The endeavour involved active participation from all members of the Company's governing bodies.

The Company did not record any corporate conflicts.

The Bank of Russia, a mega-regulator of the financial market, did not reveal any violations of the requirements pertaining to securities circulation and information disclosure by the Company.

In accordance with the decision of the General Meeting of Shareholders of the Company in 2024, trading of the Company's shares on the stock exchange was halted with the view to change the organisational and legal status. All measures were carried out duly and in due time in accordance with applicable law, and the rights of shareholders were fully observed.

During the reporting year, the Company completed the placement of additional shares, receiving RUB 6.43 billion in investments.

In the reporting year, RUB 1.945 billion was allocated for the payment of dividends for 2023.

**Oleg Musinov**

Deputy General Director for Corporate Governance



## MEMORANDUM OF THE CONTROLLING SHAREHOLDER (ROSSETI PJSC) ON CONTROLLED POWER GRID COMPANIES

Public Joint Stock Company Federal Grid Company — Rosseti (Rosseti PJSC) is a public joint stock company with a state share of 76.9936% in the issued shares<sup>1</sup>.

Rosseti PJSC controls 19 power grid companies: Rosseti Kuban PJSC<sup>2</sup>, Rosseti Lenenergo PJSC, Rosseti Moscow Region PJSC, Rosseti Volga PJSC, Rosseti North-West PJSC, Rosseti Northern Caucasus PJSC, Rosseti Siberia PJSC,

Rosseti Urals PJSC, Rosseti Centre PJSC, Rosseti Centre and Volga Region PJSC, Rosseti South PJSC, Rosseti Tomsk PJSC, Rosseti Tyumen JSC, Rosseti Yantar JSC, Rosseti Siberia Tyvaenergo JSC, Chechenenergo JSC, RES JSC, Energetik JSC, Electromagistral JSC.

Rosseti PJSC considers these controlled shareholdings to be strategic assets and does not plan to dispose of them.

### Key assets-related objectives

Rosseti PJSC's key objective in managing these subsidiaries is to develop the power grid sector based on cutting-edge innovative technologies to meet customer demand and the socio-economic growth goals of the Russian Federation.

### Rosseti PJSC defined the strategic development priorities for the companies of the Group



**Ensuring a reliable**, high quality and affordable electricity supply and contributing to the energy security of the Russian Federation



**Developing new business areas** (non-tariff services and consumer services) through the digital transformation to ensure the Company's resilience to changes in the sector



Ensuring further **improvements in the efficiency** of the core business, including through digitalisation and innovation



**Implementing the principles of sustainable development**

<sup>1</sup> Including the outstanding shares of the additional issue of securities (state issue number 1-01-65018-D-109D dated 21 August 2023).

<sup>2</sup> Abbreviated corporate name until 24 January 2025 – Rosseti Kuban PJSC.

## Corporate governance principles

Rosseti PJSC manages the companies of the Group in accordance with unified corporate standards meant to ensure the efficiency of business processes and their quality control and to mitigate corporate risks as well.

As a controlling shareholder, Rosseti is fully aware of the importance of improving corporate governance in Group companies and is committed to ensuring openness and transparency of their activities and to implementing the recommendations of the Corporate Governance Code in their business practices.

While following best corporate governance practices, Rosseti PJSC makes sure that every year the number of independent directors on Rosseti Group's Boards of Directors

whose shares are traded on exchanges is sufficient to comply with listing rules and corporate governance principles. To ensure the independence and objectivity of Rosseti Group's Boards of Directors of Group's companies, Rosseti plans to maintain the number of independent directors on the boards at least at the current level.

Rosseti's representatives also participate in the annual General Meetings of Shareholders of Group's companies in order to build a dialogue with minority shareholders on the Company's development prospects.

Rosseti PJSC guarantees compliance with market principles in the conduct of financial and business activities of the Group's companies.

Rosseti, as a controlling shareholder, supports the initiatives of Group companies to protect the rights and interests of minority shareholders.

The dividend policy of Rosseti Group is founded on the strict observance of shareholder rights as prescribed by Russian law and is targeted at enhancing the investment appeal of Group companies whose securities are admitted to organised trading.

The amount of dividends recommended for payment is set by the Boards of Directors of Rosseti Group based on financial results, including those determined on the basis of consolidated IFRS statements.



# GENERAL INFORMATION ON CORPORATE GOVERNANCE OF THE COMPANY

## Corporate governance objectives of the Company



To observe the rights and interests of shareholders



To grow shareholder value and investment attractiveness



To make a profit based on the results of operations



To ensure effective management of assets owned

## Corporate governance principles of the Company



### Fairness

The Company commits to treating all shareholders fairly and equally, defending their rights, and giving them the chance to get strong protection in the case that such rights are violated



### Transparency

The Company ensures timely disclosure of information about its activities in line with current laws, as well as free access to such information for shareholders and other interested parties



### Accountability

The Board of Directors of the Company is accountable to the Company's shareholders



### Responsibility

The Company recognises and ensures the rights of shareholders and all interested parties as stipulated by the laws of the Russian Federation

## Key documents regulating corporate governance in the Company<sup>1</sup>:

- Articles of Association
- Regulations on the Company's management bodies (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations on Committees under the Board of Directors
- Corporate Governance Code
- Auditing Commission Regulations
- Regulations on the Dividend Policy
- Regulations on the Corporate Secretary of the Company
- Procedure for interaction between the Company and business entities whose shares (stakes) are owned by Rosseti Kuban JSC
- Policy on the ownership of shares in the Company, its S&As and other entities by members of the Board of Directors

<sup>1</sup> The documents mentioned herein and other internal corporate governance documents of the Company are published on the website of Rosseti Kuban JSC in the [About the Company / Constitutive and Internal Documents](#) section.