

GENERAL INFORMATION ON CORPORATE GOVERNANCE

Corporate Governance Objectives



Upholding of the rights and interests of shareholders



Growth of shareholder value and investment attractiveness



Profit earning based on the results of the activities



Assurance of efficient management of owned assets

Principles of Corporate Governance of Rosseti Kuban, PJSC



Accountability

In accordance with Russian laws, the Bank of Russia's Corporate Governance Code approved on 21 March 2014, the Board of Directors of the Bank of Russia and as recommended by the letter of the Bank of Russia dated 10 April 2014 No. 06-52/2463 "On the Corporate Governance Code" to be applied by joint stock companies whose securities are admitted to organised trading (hereinafter — the Corporate Governance Code of the Bank of Russia) and international corporate governance standards, the Board of Directors of the Company is accountable to the Company's shareholders



Transparency

The Company ensures timely disclosure of complete and reliable information on all material facts concerning its activities, including its financial position, performance (including social and environmental), ownership structure and management of the Company, as well as free access to such information for shareholders and other interested parties



Responsibility

The Company acknowledges and ensures the rights of its shareholders and all stakeholders stipulated by the legislation of the Russian Federation



Fairness

The Company undertakes to ensure equal and fair treatment of all shareholders, protect their rights and provide all shareholders with the possibility of receiving effective protection in the event that their rights are violated

Key Documents Regulating Corporate Governance in the Company¹

- Articles of Association
- Provisions regulating the activities of the Company's management bodies (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations on Committees under the Board of Directors
- Methodology for assessing the performance of the Board of Directors and Committees under the Board of Directors
- Corporate Governance Code
- Auditing Commission Regulations
- Regulations on the Dividend Policy
- Provisions on Insider Information and Information Policy
- Regulations on the Corporate Secretary of the Company
- Protocol for Liaison between the Company and Business Entities with Shares (Stakes) held by Rosseti Kuban, PJSC
- Policy of Holding Shares of the Company and its subsidiaries and affiliates by members of the Board of Directors, etc.

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

Rosseti, PJSC defined the strategic development priorities for the companies of the Group:



Reliability

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



Development

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



Efficiency

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



Principles

Implementing the principles of sustainable development

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 the 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 and the expansion of their market capitalisation



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

Documents regulating the core business processes of the Company



- Anti-Corruption Policy
- Internal Audit Policy
- Internal Control Policy
- Risk Management Policy

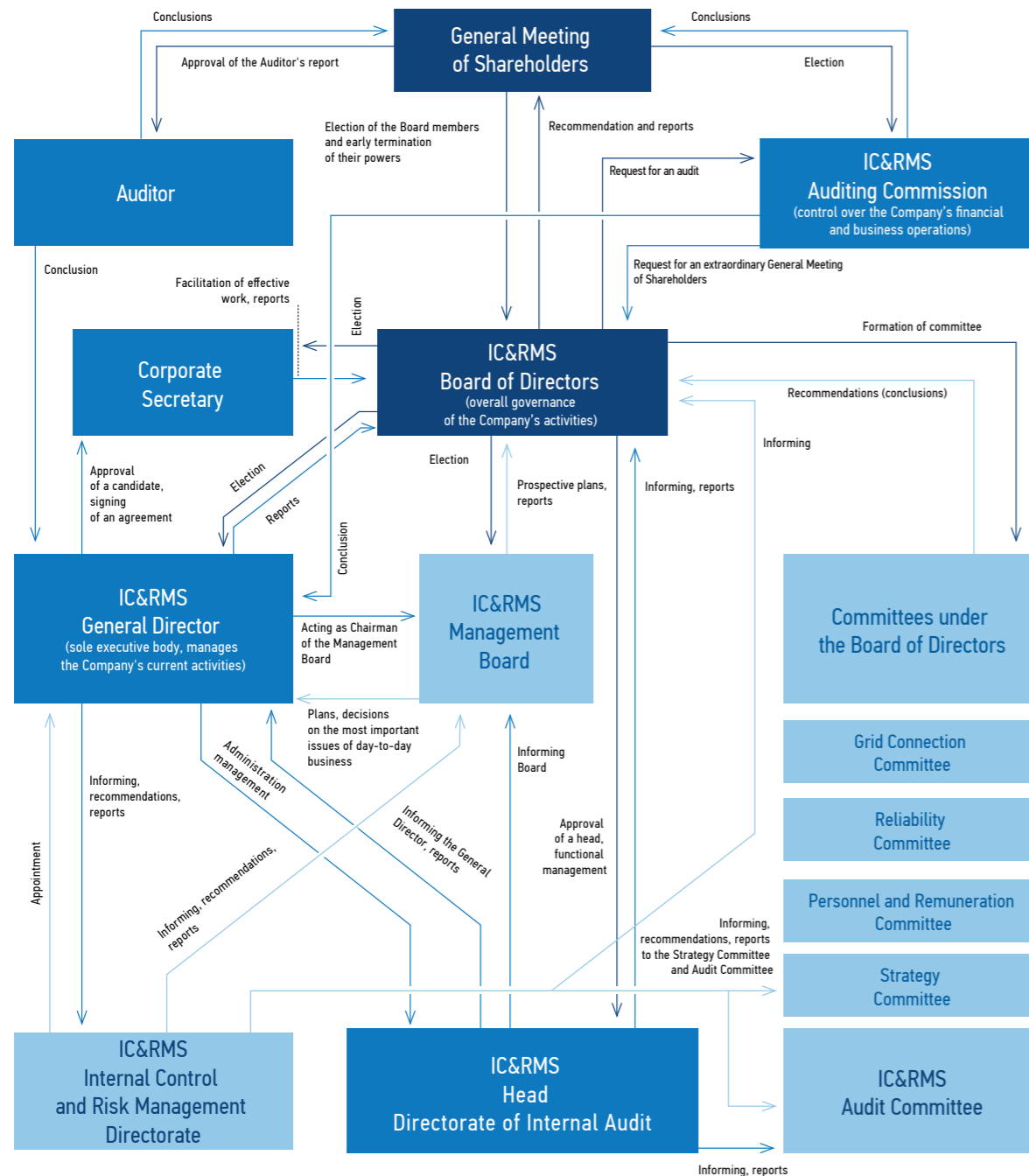


- Sustainable Development Policy
- Environmental Policy
- Climate Policy



- Code of Corporate Ethics and Conduct of Employees, etc.

System of Corporate Governance of Rosseti Kuban, PJSC¹



¹ IC&RMS — key participants of the internal Control and Risk Management System.

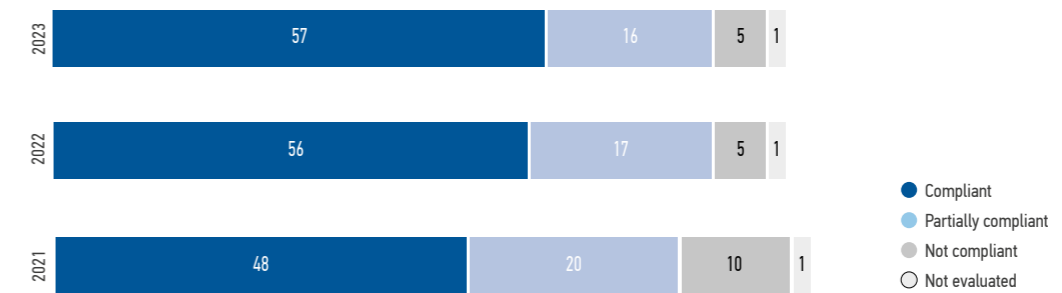
The Company has a Corporate Governance Code in place in order to ensure and protect the rights and interests of all of its shareholders, to improve corporate governance practices, to ensure transparency of the Company's management efficiency and to confirm its commitment to following the recommendations and advanced principles of corporate governance¹.

Rosseti Kuban, PJSC abides by the principles and recommendations of the Corporate Governance Code of the Bank of Russia as well. The report on compliance with Corporate Governance Code in 2023 is available in [Appendix 1](#). 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.



The Company's compliance with the principles of the Bank of Russia's Corporate Governance Code improved in the reporting year compared to 2021–2022.

Compliance with the principles of the Corporate Governance Code of the Bank of Russia (number of principles)



Promotion of Corporate Governance System in 2023

The Company continued to improve its corporate governance in the reporting year.

In 2023, in accordance with Russian law, the annual General Meeting of Shareholders was held in the form of absentee voting, with shareholders being given the opportunity to vote by filling out electronic ballot forms on the official website of the registrar — IRC — R.O.S.T., JSC.

The Board of Directors of the Company approved:

- Policy of Holding Shares of the Company and its subsidiaries and affiliates by members of the Board of Directors of the Company, etc.

- Sustainable Development Policy and Climate Policy of Rosseti, PJSC as the Company's internal documents
- New versions of the Risk Management and Internal Control Policy, Internal Audit Policy, and Regulations on the Protection of Insider Information of Rosseti Kuban, PJSC

The Board of Directors and its committees conducted a self-assessment of their performance for the 2022–2023 corporate year during the reporting year, and they gave their work and organisation a relatively high rating (with a maximum score of 5 and an overall average score of 4.9).

A total of 162 corporate events were held in 2023, including:

- one General Meeting of Shareholders
- 38 meetings of the Board of Directors, with 99.7% attendance by members of this governing body, up 0.5% p.p. year-on-year
- 80 meetings of the committees under the Board of Directors
- 43 meetings of the Management Board

162
corporate events
conducted in total in 2023

¹ The current version was approved by the decision of the Board of Directors of Rosseti Kuban, PJSC dated 2 December 2021 (Minutes No. 456/2021 dated 3 December 2021).

Plans for 2024

The Company will continue to work towards improving corporate governance in 2024 based on an analysis of best practices in the field, the findings of the corporate governance assessment, and an assessment (self-assessment) of the Board of Directors' and its committees' operations, including:

- To update the Articles of Association and internal documents of the Company in line with the recommendations of the Corporate Governance Code of the Bank of Russia

- To ensure that the Company's activities comply with the requirements of by-laws and conducting the necessary corporate procedures
- To conduct a self-assessment of the performance efficiency of the Board of Directors and its committees
- To plan and deliver the corrective action plans based on the results of the corporate governance assessment carried out by the internal audit function
- To supervise the timely and proper implementation of decisions of the Company's governing bodies
- To disclose information about the Company in full and timely manner as required by the laws on joint stock companies and the stock market

Corporate Governance Level Assessment

In the reporting year, the Company's internal audit function conducted an assessment of corporate governance at the end of the 2022–2023 corporate year in the light of its compliance with the laws of the Russian Federation, principles and recommendations of the Corporate Governance Code of the Bank of Russia, Listing Regulations of the Moscow Exchange and the best corporate practices. The assessment followed the Company's methodology that complies with the standard methodology for assessing the corporate governance of Rosseti' S&As approved

by Rosseti's Order No. 342 dated 5 August 2020 "On Approval of the Standard Methodology for Assessing Corporate Governance in Rosseti's S&As".

Objectives of the assessment:

- To provide the Board of Directors of the Company, the Audit Committee of the Board of Directors of the Company, and the executive bodies of the Company with objective and independent information on the state of corporate governance in the Company and its efficiency

- To make recommendations to improve the Company's corporate governance

Following the results, the internal audit recognised the Company's corporate governance as corresponding to the developed practice level; it also noted that the potential for improvement on a number of issues depends on the standing of the main shareholder and other external factors that the Company cannot have influence on.

The results of the assessment of the Company's corporate governance in the 2022–2023 corporate year by the internal audit function

Component	Maximum score	2022–2023 corporate year		For reference: compliance with the applicable criteria	
		Score of the Company	Compliance with the applicable criteria (%)	for 2021–2022 corporate year (%)	for 2020–2021 corporate year (%)
Shareholders' rights	71.0	67.0	94.4	94.4	94.4
Board of Directors	154.0	119.0	77.3	76.6	77.6
Executive management	40.0	28.0	70.0	70.0	55.0
Transparency and disclosures	130.0	114.0	87.7	87.7	86.2
Risk management, internal control and internal audit	63.0	61.0	96.8	96.8	96.8
Corporate social responsibility, business ethics and compliance	31.0	31.0	100.0	100.0	100.0
Total score	489.0	420.0	85.9	85.7	84.4

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is a supreme management body of the Company. The General Meeting of Shareholders abides by the laws of the Russian Federation, the Articles of Association of the Company, and the Regulations on the General Meeting of Shareholders.

The competence of the General Meeting of Shareholders is determined by the Federal Law on Joint Stock Companies and the Articles of Associations of the Company.

Date of a General Meeting of Shareholders	16.06.2023
Date and Number of the Minutes of the General Meeting of Shareholders	21.06.2023 No. 50
Quorum of a General Meeting of Shareholders (% of total number of outstanding voting shares)	99.69% for all agenda items
Key resolutions made by the General Meeting of Shareholders	<ul style="list-style-type: none"> To approve the annual report and the annual accounts of the Company for 2022. To approve the following distribution of the Company profit (loss) for 2022: <ul style="list-style-type: none"> RUB 262,224 thousand — to the reserve fund RUB 2,710,044 thousand — for payment of dividends¹ RUB 2,272,209 thousand — for the development of the Company; RUB 0 thousand — to recover losses from previous years Pay dividends on the Company's ordinary shares for 2022 in the amount of RUB 766,500 thousand. To elect members to the Company's Board of Directors and the Auditing Commission. To appoint an association of auditors (collective participant) consisting of TsATR — Audit Services, LLC (leader of the collective participant) and Crowe Audex, LLC (member of the collective participant) as the audit organisation of the Company

1 General Meeting of Shareholders of the Company

was held in 2023

In the reporting year, in accordance with the laws of the Russian Federation and pursuant to the decision of the Board of Directors of Rosseti Kuban, PJSC, the General Meeting of Shareholders was held in the form of absentee voting.

The resolutions of General Meeting of Shareholder to be enforced were accomplished.



Resolutions of the General Meeting of Shareholders of Rosseti Kuban, PJSC are published on the corporate website in the About the Company / Management / General Meeting of Shareholders section.

¹ Including:

- interim dividends based on the results of 9 months of 2022 in the amount of RUB 1,943,544 thousand, the decision on payment of which was adopted by the Extraordinary General Meeting of Shareholders of the Company in 2022 (Minutes No. 49 dated 8 December 2022);
- dividends payable — RUB 766,500 thousand.