



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 have 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.

The 2022 Annual Report of Rosseti Kuban, PJSC won third place in the 2023 Annual Report Competition held by the Moscow Exchange in the Best Corporate Governance Disclosure category and was shortlisted for the Grand Prix in the Best Annual Report of a Company with a Capitalisation of up to RUB 40 billion category.

YULIA GALINOVA

Deputy General Director
for Corporate Governance

2.71

RUB bln

total amount of dividends accrued
at year-end 2022

4.9

overall average score

of the Board of Directors' performance
assessment for the 2022–2023 corporate
year (+0.2 points vs. the previous year)

162

corporate events

held in 2023

3

place

taken by the Annual Report of Rosseti Kuban,
PJSC following the results of the 2023 Annual
Report Contest

MEMORANDUM OF THE CONTROLLING SHAREHOLDER — ROSSETI, PJSC ON CONTROLLED POWER GRID COMPANIES

Purpose of Ownership and Plans for Controlled Shareholdings

Public Joint Stock Company Federal Grid Company — Rosseti (Rosseti, PJSC) is a public joint stock company with the state share in the authorised capital of 75.2780% of outstanding shares¹.

In January 2023, following the completion of the restructuring through accession of Public Joint Stock Company Russian Grids, Joint Stock Company Far East Energy Management Company — UNPG, Open Joint Stock Company Tomsk Main Grids and Joint Stock Company Kuban Main Grids, Rosseti became the parent company of the Rosseti

Group managing the transmission and distribution grids of the Russian Federation.

Rosseti, PJSC owns controlling stakes in 17 key electricity distribution companies: Rosseti Kuban, PJSC, 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, TDC

PJSC², Rosseti Tyumen, JSC and Rosseti Yantar, JSC, RES, JSC, Energetik, JSC and Electromagistral, JSC.

Rosseti, PJSC considers these controlled shareholdings to be strategic assets which are not planned to be disposed of.

Key Assets-Related Objectives

Rosseti'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.

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

² TDC, PJSC renders services under the Rosseti Tomsk brand.



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.