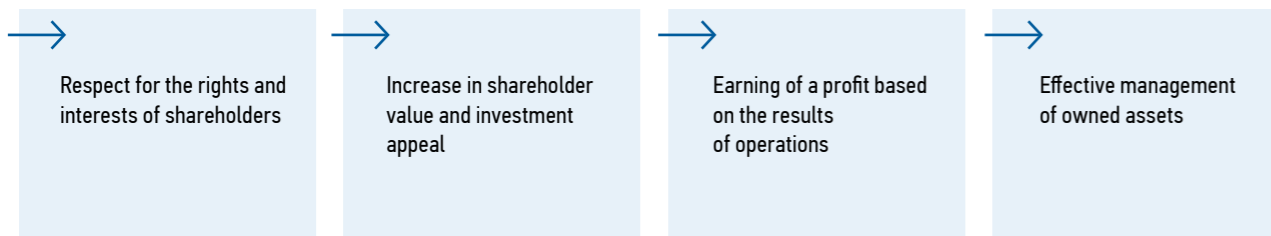


# GENERAL INFORMATION ON CORPORATE GOVERNANCE

## OBJECTIVES OF THE COMPANY'S CORPORATE GOVERNANCE



## PRINCIPLES OF CORPORATE GOVERNANCE OF ROSSETI KUBAN

<p> <b>Accountability</b></p> <p>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</p>	<p> <b>Transparency</b></p> <p>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</p>
<p> <b>Responsibility</b></p> <p>The Company acknowledges and ensures the rights of its shareholders and all stakeholders stipulated by the legislation of the Russian Federation</p>	<p> <b>Fairness</b></p> <p>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</p>

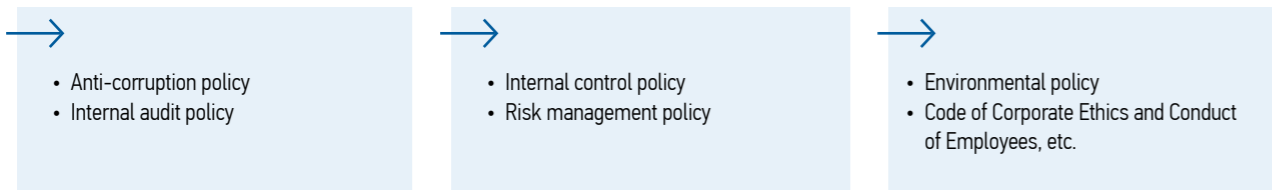


## KEY DOCUMENTS REGULATING CORPORATE GOVERNANCE IN THE COMPANY

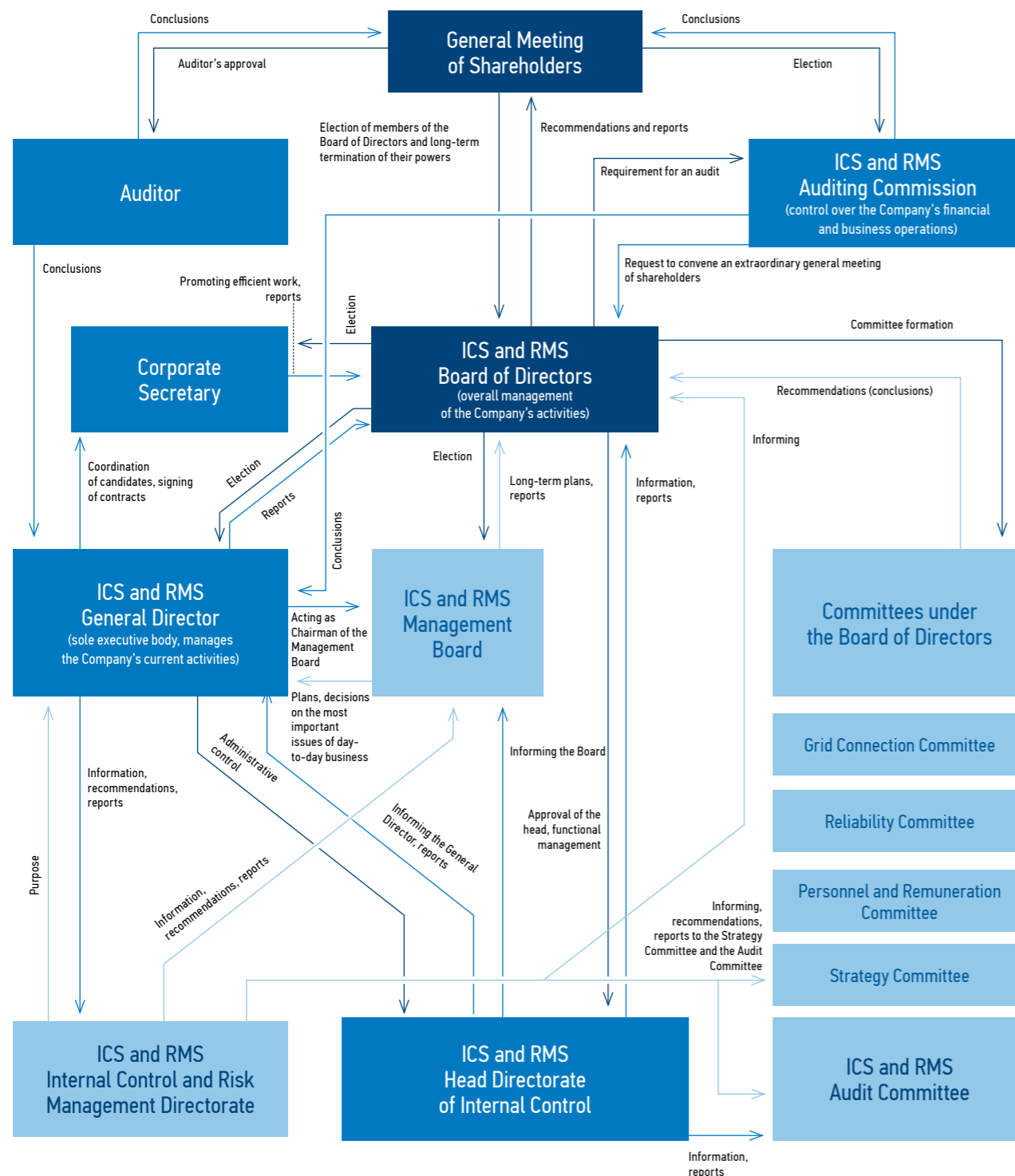
- Articles of Association
- Provisions regulating the activities of the Company's management bodies (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations on the committees of the Board of Directors
- Methodology of assessment of the performance of the Board of Directors and committees under the Board of Directors
- Corporate Governance Code
- Regulation on the Dividend Policy
- Regulations on insider information and information 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, PJSC, etc.

The above and other internal documents of the Company on corporate governance are published on the website of Rosseti Kuban, PJSC in the About the Company / Constituent and internal documents section

## POLICIES REGULATING THE MAIN BUSINESS PROCESSES OF THE COMPANY



### SYSTEM OF CORPORATE GOVERNANCE OF ROSSETI KUBAN<sup>1</sup>



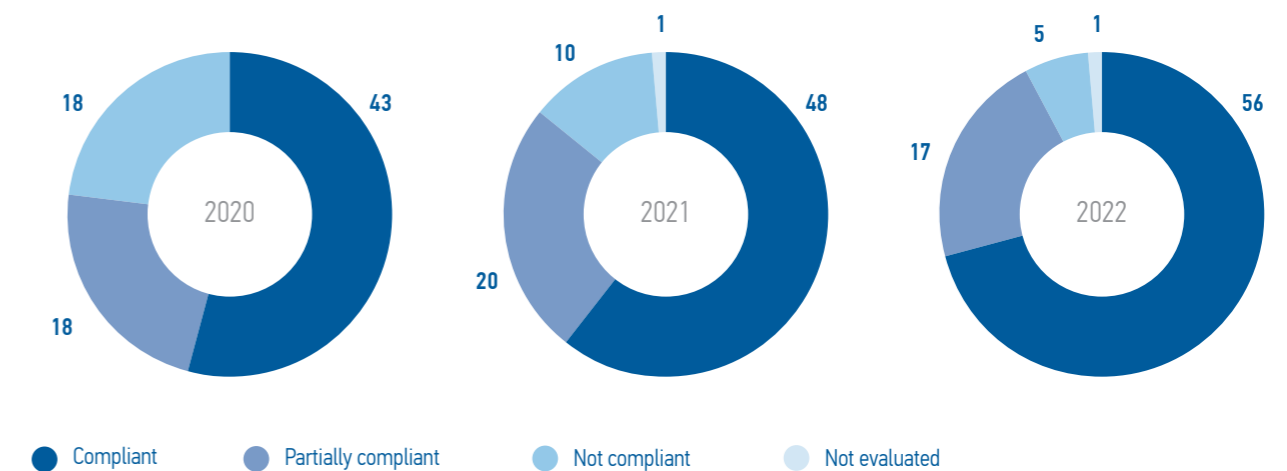
<sup>1</sup> ICS and RMS - Key participants of the internal Control and Risk Management System.

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 governance<sup>2</sup>.

Rosseti Kuban 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 2022 is available in [Appendix No. 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 2020–2021.

### THE COMPANY'S COMPLIANCE WITH THE PRINCIPLES OF THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE IMPROVED IN THE REPORTING YEAR COMPARED TO 2020–2021



### PROMOTION OF CORPORATE GOVERNANCE SYSTEM IN 2022

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

In 2022, 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 – NRC – R.O.S.T., JSC.

The annual General Meeting of Shareholders of the Company approved a new version of the Regulations on the Auditing Committee of the Company, which takes into account the amendments to Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies.

The Board of Directors of the Company approved:

- Amended Regulation on Information Policy accommodating the requirements of Bank of Russia Regulations No. 714-P On Disclosure of Information by Issuers of Equity Securities dated 27 March 2020, as well as Recommendations on Disclosure of Non-Financial Information by Public Joint Stock Companies Related to the Activity of Such Companies sent by Bank of Russia Letter No. IN-06-28/49 dated 12 July 2021
- Amendments to the Regulations on the Audit Committee under the Board of Directors

In the reporting year, the Board of Directors and its committees carried out a self-assessment of their

performance for the 2021/2022 corporate year, rating their work and organisation fairly highly (overall average score of 4.7 with a maximum score of 5). A total of 167 corporate events were held in 2022, including:

- 2 General Meetings of shareholders
- 44 meetings of the Board of Directors, with 99.2% attendance by members of this governing body, an increase of 11.5% compared to 2021
- 75 meetings of Board committees, with 100% attendance by committee members in the work of these bodies
- 46 meetings of the Management Board

<sup>2</sup> 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 2023

In 2023, the Company will keep on working on the improvement of the corporate governance, based on analysis of the best corporate governance practices, as well as the results of the corporate governance assessment and assessment (self-assessment) of the operation of the Board of Directors and its committees, including:

- Updating 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

- Ensuring that the Company's activities comply with the requirements of by-laws and conducting the necessary corporate procedures
- Conducting a self-assessment of the performance efficiency of the Board of Directors and its committees
- Planning and delivering the corrective action plans based on the results of the corporate governance assessment carried out by the internal audit function

- Supervising the timely and proper implementation of decisions of the Company's governing bodies
- Full and timely disclosure of information about the Company 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 conducted an assessment of corporate governance at the end of the 2021/2022 corporate year concerning 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, which corresponds to the standard corporate governance assessment method adopted at Rosseti's S&As.

Objectives of the assessment:

- Providing 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
- Making 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 2021/2022 CORPORATE YEAR BY THE INTERNAL AUDIT

Component	Maximum score	for 2021/2022 corporate year		For reference: eligibility	
		Score Retailers	Eligibility (%)	for 2020/2021 corporate year (%)	for 2019/2020 corporate year (%)
Shareholders' rights	71	67	94.4	94.4	93.0
Board of Directors	154	118	76.6	77.6	74.4
Executive management	40	28	70.0	55.0	85.0
Transparency and disclosures	130	114	87.7	86.2	81.5
Risk management, internal control and internal audit	63	61	96.8	96.8	96.8
Corporate social responsibility, business ethics and compliance	31	31	100	100	100
<b>Total score</b>	<b>489</b>	<b>419</b>	<b>85.7</b>	<b>84.4</b>	<b>84.4</b>

# 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.

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.

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.

Two General Meetings of Shareholders of the Company were held in 2022

Date of a General Meeting of Shareholders	Date and Minutes Number of a General Meeting of Shareholders	Quorum of a General Meeting of Shareholders (% of total number of outstanding voting shares)	Key resolutions made by the General Meeting of Shareholders
16.06.2022	21.06.2022 No. 48	93.62% for all agenda items	To approve the annual report and the annual accounts of the Company for 2021  To approve the following distribution of the Company profit for 2021: <ul style="list-style-type: none"> <li>• RUB 85,592 thousand to the reserve fund</li> <li>• RUB 694,019 thousand for the development of the Company</li> <li>• RUB 932,223 thousand to dividend payments</li> <li>• RUB 0 thousand to recover losses from previous years</li> </ul> To pay dividends on the Company's ordinary shares for 2021 in the amount of RUB 932,223 thousand. To elect members to the Company's Board of Directors and the Auditing Commission To approve the association of auditors (joint participant) consisting of TsATR – Audit Services, LLC (leader of the joint participant) (TIN 7709383532, former name – Ernst & Young, LLC) and AC DELOVOY PROFILE, JSC (member of the joint participant) (member of the joint participant) (INN 7735073914) as the Company's auditor To approve the revised Regulation on the Auditing Commission of the Company
05.12.2022	08.12.2022 No. 49	93.81%	To pay out dividends on the Company's ordinary shares for 9 months of 2022 in the amount of RUB 1,943,544 thousand.

In accordance with Russian law, General Meetings of Shareholders in 2022 were held in the form of absentee voting.

The resolutions of these General Meeting of Shareholders to be enforced were accomplished.