

INTERNAL AUDIT

The objective of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company's management and improving its financial and economic activities.

Such assistance is effected through a systematic and consistent review and assessment of risk management, internal control and corporate governance systems as tools to provide reasonable assurance of achieving the Company's objectives.

The Internal Audit Directorate is a subdivision responsible for the implementation of the internal audit function in the Company.

The Internal Audit Directorate is functionally accountable to the Board of Directors, while the latter:

- Establishes principles and approaches of organisation of the internal audit, as well as approves internal documents defining the Company's policy in terms of the internal audit
- Controls and organises the Internal Audit activities, among other things, approves the Regulation on Internal Audit Department, action plan, report on action plan implementation, and internal audit budget, preliminarily approves the resolutions of the Company's sole executive body concerning the appointment or dismissal (at the employer's initiative) of the Internal Audit Head, disciplinary penalties, approves employment contract and remuneration provisions for the Internal Audit Head, considers the quality assessment results for internal audit

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Directorate are set out in the Internal Audit Policy of the Company

approved by the resolution of the Board of Directors (Minutes No. 454/2021 dated 15 November 2021).

In 2022, the average headcount of personnel performing the internal audit function was 5.5.

The function of the Company's internal audit is regulated by the following key documents:

- Internal Audit Policy of the Company and the Code of Ethics for Internal Auditors approved by the resolution of the Board of Directors (Minutes No. 454/2021 dated 15 November 2021)
- Regulations on the Internal Audit Directorate, approved by decision of the Board of Directors of the Company (Minutes No. 473/2022 dated 21 April 2022)
- Programme on Assurance and Improvement of Internal Audit Quality approved by the resolution of the Company's Board of Directors (Minutes No. 473/2022 dated 21 April 2022)
- Corporate standards for the internal audit functions and the practical application standards elaborated in compliance with the international standards for the professional practice of internal auditing

The feedback from the Audit Committee is submitted to the Head of Internal Audit during the interactions with the Audit Committee including the participation in its meetings, the analysis of its resolutions/recommendations concerning the issues in the competence of the internal audit, and also by polling the members of Audit Committee.

The satisfaction index of the Audit Committee of the Board of Directors with the performance of the internal audit function for 2022 is assessed as "fully compliant". The satisfaction assessment is conducted following the Programme on Assurance and Improvement of internal audit quality in the Company, via polling.

The Company has developed an action plan for the development and improvement of internal audit activities in the Company for the period from 2020 to 2024, approved by the resolution of the Board of Directors dated 30 March 2020 (Minutes No. 383/2020 dated 2 April 2020) and amended by the resolution of the Board of Directors dated 19 February 2021 (Minutes No. 420/2021 dated 24 February 2021). The action plan for improvement of Company's internal audit is implemented to the fullest extent in terms of events planned for 2022.

5.5 FTE
average headcount of personnel performing the internal audit function

SHARES AND DIVIDENDS

AUTHORISED CAPITAL AND AUTHORISED SHARES

	At the beginning of 2022	As at the end of 2022
Type, category, kind, form of issuance of securities	Ordinary registered uncertified shares	
Nominal value of each share	RUB 100	
Authorised capital	RUB 33,465,783,700	RUB 33,465,783,700
Number of outstanding shares	341,825,681	363,300,457
State registration number of the issuance of securities and the date of state registration	No. 1-02-00063-A dated 8 July 2003 (main issue) No. 1-02-00063-A dated 1 April 2021 (additional issue)	
Presence/absence of a special right of the Russian Federation to participate in the Company's management ("golden share")	No special right of the Russian Federation to participate in the management of the Company ("golden share")	
Existence of authorised shares that the Company may float in addition to those already placed	135,481,556 ordinary shares for a total par value of RUB 13,548.16 mn	114,006,800 ordinary shares with a total par value of RUB 11,400.68 mn
Number of own shares on the Company's balance sheet	0	0
Number of shares of the Company owned by its controlled entities	0	0

In the reporting year, an additional issue of shares began to be placed, continuing into 2021. The authorised capital of the Company did not change over the reporting year.

The Company did not place any preferred shares.

The Articles of Association of Rosseti Kuban, PJSC states that each registered ordinary share of the Company grants the same scope of rights to its holder. The rights of the shareholders are specified in [the Company's Articles of Association](#).

Shareholders are bound to abide the statutory requirements of the Russian Federation, the Company's Articles of Association and other by-laws, not to disclose confidential information and information that constitutes trade secrets, to bear the risk of losses related to the Company's activities within the value of their shares.

CHANGE IN THE COMPANY'S AUTHORISED CAPITAL (RUB MN)

