



**YULIA
GALINOVA**

Deputy General Director
for Corporate Governance

“ During the reporting year, the Company continued to place additional shares that were registered on 1 April 2021, in order to carry out measures to develop the Republic of Adygeya’s energy infrastructure, renovate power plants in the Sochi power district, enhance the Company’s financial stability, and lower its debt load. By the end of the reporting year, 41.2% of the total issue, resulting in RUB 2.86 billion raised.

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 75.000048%.

In January 2023, following the completion of the reorganisation 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 Rosseti Group managing the transmission and distribution grids of the Russian Federation.

Rosseti, PJSC owns controlling stakes in 14 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, IDGC of Urals OJSC, Rosseti Centre PJSC, Rosseti Centre and Volga Region PJSC, Rosseti South PJSC, TDC PJSC, Rosseti Tyumen JSC and Yantarenergo JSC.

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

KEY ASSETS-RELATED OBJECTIVES

The primary goal of Rosseti in managing these subsidiaries, as stated in the Rosseti Group’s 2030 Development Strategy approved by the Board of Directors of Rosseti (Minutes No. 388 dated 26 December 2019), 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
- Ensuring further improvements in the efficiency of the core business, including through digitalisation and innovation

- 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
- 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 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.

