

## Performance assessment of 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).

### RESULTS OF THE SELF-ASSESSMENT OF THE BOARD PERFORMANCE

S. No.	Assessment criteria	Performance assessment – average score <sup>1</sup>	Assessment statement
1	The Board performing key functions in the management of the Company: <ul style="list-style-type: none"> <li>Shaping and overseeing the implementation of the strategy</li> <li>Ensuring the establishment of the internal control and risk management system and overseeing its effectiveness</li> <li>Evaluating the performance of senior management, implementing an effective incentive system</li> </ul>	4.5	The track record of the Company's Board of Directors is fairly highly rated by the majority of Board members The Board of Directors is actively involved in the work of the executive bodies, assessing their work and shaping their incentive system
2	Ensuring the safeguarding of assets	5	Track record of the Board of Directors in: <ul style="list-style-type: none"> <li>Ensuring competitive procurement and monitoring the implementation of the procurement policy</li> <li>Controlling over material controlled entities is highly rated by members of the Board of Directors</li> </ul> <p>The Board of Directors' expanded authority to analyse and approve material transactions gives it more control over the safeguarding of the Company's assets.</p>
3	Composition and structure of the Board of Directors	4.8	The main competencies required for effective operation are evenly distributed among the members of the Company's Board of Directors. Members of the Board of Directors have expertise in accounting and corporate finance, strategic management, corporate governance, risk management, as well as in areas specific to the Company's business. Independent directors are able to create their own opinions based on their professional qualifications, experience, and independence. They are also able to make fair and unbiased decisions without consulting the Company's executive bodies, certain shareholder groups, or other stakeholders.
4	Organisation of the work of the Board of Directors, including: <ul style="list-style-type: none"> <li>Management of the Board activity</li> <li>Infrastructural support</li> <li>Interaction of the Board of Directors with the Company's management</li> <li>Interaction of the Board of Directors with Board Committees</li> </ul>	4.9	Track record of organising the work of the Board of Directors of Rosseti Kuban in: <ul style="list-style-type: none"> <li>Organisational, legal, informational and infrastructural support</li> <li>Interaction of the Board of Directors with the Board Committees and the management of the Company as a whole is effective</li> </ul>

Minutes of the meetings of the Board of Directors of Rosseti Kuban are published on the Company's website in the About the Company / Management / Board of Directors section.

<sup>1</sup> The maximum score is 5.

# THE BOARD'S PROGRESS REPORT ON THE COMPANY'S KEY FOCUS AREAS

To pursue the Development Strategy of the Power Grid Complex of the Russian Federation as well as other strategies and programmes, the Company herein states its priorities.



## THE BOARD'S PROGRESS REPORT ON THE COMPANY'S KEY FOCUS AREAS IN 2022

				Progress in 2022			
Sl.No.	Priority	Basis	Baselines for 2022 targets	Plan	Actual	Reasons of non-compliance with the plan	Plans for 2023
1	Ensuring the established level of reliability and quality of services provided as statutory required	Decision of the Board of Directors dated 18 November 2011, Minutes No. 121/2011	Order No. 62/2017-e of the Regional Energy Commission – Department of Prices and Tariffs of the Krasnodar Territory dated 27 December 2017 "On Setting Tariffs for Providers of Electricity Transmission Services"	<p>Approved values:</p> <ul style="list-style-type: none"> <li>grid connection quality level indicator (<math>I_{GC}</math>) – 1.0 (with allowable deviation – more than 0.75 and less than or equal to 1.25)</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) – not more than 4.3143 h (with allowable deviation – not more than 5.6086 h)</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) – not more than 0.9950 interruptions (with allowable deviation – not more than 1.2935 interruptions)</li> </ul>	<p>Achieved values:</p> <ul style="list-style-type: none"> <li>Grid connection quality level indicator (<math>I_{GC}</math>) — 1.126</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) — 2.8424 h</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) — 1.2195 interruptions</li> </ul>	Indicators for reliability and quality of services provided are delivered	<p>Approved values:</p> <ul style="list-style-type: none"> <li>Grid connection quality indicator (<math>I_{GC}</math>) — not more than 1.0</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) — not more than 2.8310 h</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) — 1.0974 interruptions</li> </ul>
2	Providing accessible energy infrastructure and good quality of grid connection to the Company's grids	Decision of the Board of Directors dated 12 September 2014, Minutes No. 196/2014	Process Regulations RP 00104604-ISM 006-2020 "Grid Connection" Efficiency is assessed by the quality of review of grid connection applications as specified in para. 2.9 of the Standard Procedure for Calculating and Evaluating the Achievement of Key Performance Indicators of the Individual Executive Bodies of Subsidiaries and Affiliates of Rosseti, PJSC engaged in electricity transmission and grid connection activities, approved by Order No. 300 of Rosseti, PJSC dated 15 May 2020, subject to the procedure for calculating and evaluating the KPI performance of the General Director of Rosseti Kuban, PJSC approved by Company Order No. 598-od dated 9 October 2020 as well as by indicator "Drafting and issuing the certificate of grid connection and other related documents to applicants with a maximum capacity of up to 150 kW consumer terminals", established by para. 3.1.1. of the Grid Connection Target Model approved by Order No. 147-r of the Government of the Russian Federation dated 31 January 2017	The planned value of the quality indicator for grid connection application review is $\leq 1.1$	1,001	1,001	To achieve the quality of review of grid connection applications of 1.1 maximum (in accordance with para. 2.9 the Standard Procedure for Calculating and Evaluating the Achievement of Key Performance Indicators of the Individual Executive Bodies of Subsidiaries and Affiliates of Rosseti, PJSC engaged in electricity transmission and grid connection activities, approved by Order No. 300 of Rosseti, PJSC dated 15 May 2020, subject to the procedure for calculating and evaluating the KPI performance of the General Director of Rosseti Kuban, PJSC approved by Company Order No. 598-od dated 9 October 2020
3	Planning the development of Company's distribution power grid complex	Decision of the Board of Directors dated 5 September 2011, Minutes No. 116/2011	Rosseti's Order No. 4 dated 10 January 2019	To be directly involved in the development of prospective development of the power grid sector in the Krasnodar Territory and the Republic of Adygeya	Was directly involved in the development of prospective development of the power grid sector in the Krasnodar Territory and the Republic of Adygeya To be directly involved in the development of the roadmap of development of electric power systems of Russia as it pertains to the development of the Kuban energy system		To be directly involved in the development of the roadmap of development of electric power systems of Russia as it pertains to the development of the Kuban energy system for the next regulatory period

Sl.No.	Priority	Basis	Baselines for 2022 targets	Progress in 2022			Plans for 2023
				Plan	Actual	Reasons of non-compliance with the plan	
4	Improving the counter-terrorism and anti-sabotage protection of the Company's grid facilities	Decisions of the Board of Directors dated 5 August 2010, Minutes No. 94/2010; dated 29 January 2015, Minutes No. 202/2015	In order to ensure the safety of the Company's facilities, the following measures are to be taken: <ul style="list-style-type: none"> <li>to observe Rosseti's Order No. 18 dated 22 January 2020 on the approval of counter-terrorism procedures for facilities of Rosseti S&amp;As as well as the Company's counter-terrorism regulations</li> <li>to keep the security equipment of the Company's facilities up and running</li> <li>to conduct random inspections of how officers of private security firms keep guard at the Company's facilities</li> <li>to give weekly briefing to dispatchers and personnel of off-site teams on duty on how to act if signs of a terrorist nature are detected at the Company's facilities</li> <li>to train staff of the Company's branches on how they should act when unauthorised persons and objects are detected at power facilities</li> <li>to update plans of the Company's emergency-response cooperation with law enforcers in the Krasnodar Territory and the Republic of Adygeya; to develop and coordinate appropriate cooperation procedures</li> <li>to equip the following stations with security engineering means: Boiko-Ponura substation, 110 kV Gazoapparat substation, 110 kV Kommunar substation, 110 kV Lebedi substation, 110 kV Albashi substation, and 110 kV Pereyaslovskaya substation</li> <li>to take measures to ensure safety of the Company's power facilities during the 2022 Volleyball World</li> </ul>	Except for the 2022 World Volleyball Championship, which was cancelled in the Russian Federation because of political reasons, all social and political events in the Krasnodar Territory were performed during the reporting year. The timing of equipment with security engineering means was adjusted to align with the amended investment programme. Thus, 110 kV Gazoapparat substation and 110 kV Albashi substation were equipped with security engineering means.	The plan was delivered	–	In order to ensure the safety of the Company's facilities, the following measures are to be taken: <ul style="list-style-type: none"> <li>to observe Rosseti's Order No. 18 dated 22 January 2020 on the approval of counter-terrorism procedures for facilities of Rosseti S&amp;As as well as the Company's counter-terrorism regulations</li> <li>to keep the security equipment of the Company's facilities up and running</li> <li>to renew the security service contracts and transfer them to the branch level</li> <li>to contract mobile security teams for the guarding of facilities</li> <li>to conduct random inspections of how officers of private security firms keep guard at the Company's facilities</li> <li>to give weekly briefing to dispatchers and personnel of off-site teams on duty on how to act if signs of a terrorist nature are detected at the Company's facilities</li> <li>to train staff of the Company's branches on how they should act when unauthorised persons and objects are detected at power facilities</li> <li>to prepare applications to include the categorised facilities in the investment programme of the Company for 2024 in terms of retrofitting and equipping the following substations with security engineering means: Port SS-220, Loris SS-110, Troitsky Vodozabor, Tonky Mys, Vyshestiblievskaya, Sochi, Verishchaginskaya, Bytkha, Bocharov Ruchei, Vishnevaya, Rodnikovaya, Yuzhnaya, Izumrudnaya, Imeritinskaya, Temporal, Ledovy Dvoret, Veselaya, Laura, Rosa Khutor, Sportivnaya, Mzymta</li> <li>to ensure the safety of the Company's personnel during emergency and recovery work in the Territory</li> </ul>
5	Improving the Internal Control and Risk Management System, promoting the internal audit function	Decision of the Board of Directors dated 12 September 2014, Minutes No. 196/2014	Implementation of the plan for maintaining efficiency and developing the Company's internal control and risk management system for 2021–2023 approved by resolution of the Board of Directors of Rosseti Kuban, PJSC (Minutes No. 433/202 dated 24 May 2021) for 2022	Activities of the Plan planned for 2021–2022	The plan for 2022 was delivered	Implementation of measures in accordance with the Plan for maintaining efficiency and developing the Internal Control and Risk Management System of Rosseti Kuban, PJSC approved by decision of the Board of Directors of Rosseti Kuban, PJSC (Minutes No. 517/2023 dated 18 April 2023)	The main ICS and RMS objectives for 2023 are as follows: <ul style="list-style-type: none"> <li>Improving approaches to integrating risk management into key business processes</li> <li>Updating the regulating and methodological documents relating to ICS and RMS</li> <li>Implementing/updating and evaluating the effectiveness of existing control procedures, including self-assessment by process owners</li> <li>Promoting a culture of risk awareness, training on the organisation and operation of the ICS and RMS</li> </ul>
6	Innovative development while overseeing the delivery of the Company's current innovation development programme	Decision of the Board of Directors dated 30 March 2021, Minutes No. 426/2021	Board of Directors Decision No. 450/2021 dated 13 October 2021	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.15% of planned own revenues I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 4.6% of planned utilisation of the investment programme	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.21% of planned own revenues, 140% of the plan I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 3.5% of actual utilisation of the investment programme, 76% of the plan	The reason for the under-achievement of I <sub>INTEGRATION</sub> is the 34% increase (of the plan) in the utilisation of the investment programme due to the grid connection	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.15% of planned own revenues I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 4.8% of planned utilisation of the investment programme