

THE MEMO OF THE CONTROLLING STOCKHOLDER (PAO ROSSETI) WITH REGARD TO THE CONTROLLED GRID COMPANIES

GOALS OF STOCKHOLDING AND PLANS WITH REGARD TO THE CONTROLLING STAKES

Public Joint-Stock Company Federal Grid Company – Rosseti (PAO Rosseti) is a public joint-stock company, with 76.9936% of the charter capital owned by the government*.

PAO Rosseti has controlling stakes in 19 regional grid companies: PAO Rosseti Lenenergo, PAO Rosseti Moscow Region, PAO Rosseti Volga, PAO Rosseti North West, PAO Rosseti North Caucasus, PAO Rosseti Siberia, PAO Rosseti Ural, PAO Rosseti Center, PAO Rosseti Center and Volga, PAO Rosseti South, PAO Rosseti Tomsk, AO Rosseti Kuban**, AO Rosseti Tyumen, AO Rosseti Yantar, AO Rosseti Sibir Tyvaenergo, AO Chechenenergo, AO RES, AO Energetik, AO Elektromagistral.

PAO Rosseti considers its controlling stakes strategic and does not plan to divest from the assets.

PRIMARY OBJECTIVES REGARDING MANAGEMENT OF THE ASSETS

The key objective of PAO Rosseti with regard to the management of the subsidiaries is innovation-based development of the grids to the extent that meets the needs of consumers and Russian economy.

PAO Rosseti has outlined the following strategic priorities for the Group's development:

- provision of reliable, high-quality and easy-of-access electricity supply as well as enforcement of Russia' energy security
- promotion of enhanced efficiency of the core business, incl. due to implementation of cutting-edge digital technologies and innovations
- development of new business lines (non-regulated and consumer services) through digital transformation to ensure sustainability of the Company to industry changes
- implementation of sustainable development principles

CORPORATE GOVERNANCE PRINCIPLES

PAO Rosseti administers the group in compliance with the single corporate standards focused on the efficiency of business processes, quality control, minimization of all types of corporate risks. PAO Rosseti, as a controlling shareholder, fully understands the importance of improving corporate governance in the Group, strives to foster transparency and to implement recommendations of the Corporate Governance Code into business practices. Following the best corporate governance practices, PAO Rosseti ensures that the boards of directors of the Group's

listed companies have as much independent directors as required to comply with the listing rules and corporate governance principles. To ensure independence and neutrality of the boards of directors of the Group's companies, the number of independent directors in the boards of directors is slated not to be lower than the present number. Rosseti's representatives also take part in annual general meetings of stockholders of the Group's companies to build a dialog with minority stockholders regarding business prospects. PAO Rosseti guarantees compliance of the Group's

operations with market-based principles. PAO Rosseti, as a controlling stockholder, supports initiatives of the Group's companies on protection of rights and interests of minority stockholders. The dividend policy of the Rosseti Group is based on strict respect for rights of shareholders, stipulated by the Russian laws, and is focused on the enhancement of investment attractiveness of the Group's listed companies. The size of dividends recommended for payout is set by the Board of Directors of the Group's companies with respect to financial results, incl. IFRS.

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Code⁶⁹ interprets corporate governance as a notion embracing relationships between executive bodies of a joint-stock company, its Board of Directors, shareholders and other stakeholders. Corporate governance is a tool for identifying firm's goals and ways to achieve these goals as well as for fostering efficient oversight of firm's operations for shareholders and other stakeholders.

Core goals of corporate governance are: i) crafting of an effective system for protection and efficient disposal of shareholder's resources; ii) reduction of risks which investors are unable to evaluate and unwilling to accept and management of which by investors in the long run shall inevitably result in reduction of firm's investment prospects and share prices.

* Taking into account outstanding shares of additional issue (1-01-65018-D-109D dated 21.08.2023)

** Abbreviated company name prior to 24.01.2025 – PAO Rosseti Kuban

- **Accountability:** Accountability of the Company's Board of Directors to all stockholders is statutory and serves as guidance for the Board of Directors in formulating the strategy and administering executive bodies of the Company
- **Fairness:** The Company is voluntarily committed to protecting stockholder rights and enforcing equal treatment of all stockholders. The Board of Directors provides all stockholders with an opportunity of viable defense if their rights are disregarded

- **Transparency:** The Company enforces just-in-time disclosure of reliable information regarding all corporate events or actions, including but not limited to its financial position, performance, ownership structure and management, and oversees that any stakeholder has an unhindered access to such information
- **Responsibility:** The Company recognizes its liability to all stockholders of the Company

The corporate governance system of PAO Rosseti Ural is based on principles designed to multiply assets, enhance investment prospects and market value, maintain the Company's financial stability and profitability as well as respect the rights and interests of stockholders and stakeholders.

Please, visit our official website to examine bylaws regulating corporate governance principles, practices and procedures.

The diagram illustrates the internal control system of a company, showing the relationships between the Board of Directors, General Meeting, Executive Bodies, and various internal control units.

Board of Directors (11 members): The central body, responsible for the company's strategy, reliability, personnel, and remuneration. It is elected by the General Meeting and reports to it. It also reports to the Auditor and the Board of Internal Auditors.

General Meeting: The highest decision-making body, responsible for the company's strategy, reliability, personnel, and remuneration. It elects the Board of Directors and reports to the Auditor and the Board of Internal Auditors.

Executive Bodies: The body responsible for the company's strategy, reliability, personnel, and remuneration. It is elected by the Board of Directors and reports to it. It also reports to the Auditor and the Board of Internal Auditors.

Internal Control Units: The units responsible for the company's strategy, reliability, personnel, and remuneration. They are the Auditor, Board of Internal Auditors, Internal Audit Department, and Internal Control and Risk Management Section.

Corporate Secretary: The unit responsible for the company's strategy, reliability, personnel, and remuneration. It reports to the Board of Directors and the General Meeting.

Relationships:

- The General Meeting elects the Board of Directors and reports to the Auditor and the Board of Internal Auditors.
- The Board of Directors reports to the General Meeting and the Auditor, and elects the Executive Bodies.
- The Executive Bodies report to the Board of Directors and the Auditor, and file reports with the Internal Audit Department.
- The Auditor reports to the General Meeting and the Board of Directors, and provides information to the Board of Internal Auditors.
- The Board of Internal Auditors reports to the General Meeting and the Board of Directors, and provides information to the Internal Audit Department.
- The Internal Audit Department reports to the Board of Directors and the Board of Internal Auditors, and provides information to the Internal Control and Risk Management Section.
- The Internal Control and Risk Management Section reports to the Board of Directors and the Board of Internal Auditors, and provides information to the Internal Audit Department.
- The Corporate Secretary reports to the Board of Directors and the General Meeting, and provides information to the Internal Control and Risk Management Section.

The Company conducts self-evaluation of corporate governance practices on an annual basis in compliance with the Methodology⁵⁰.

Component	Number of criteria under evaluation	Largest possible score	Internal Audit's evaluation	Compliance, %	Evaluation of corporate governance
Shareholder rights	17	67	63	94%	Developed practices
Board of Directors	44	166	113	68%	Good practices
Executive bodies	5	34	28	82%	Developed practices
Transparency and disclosures	15	133	111	83%	Developed practices
Risk management, internal control and internal audit	16	61	61	100%	Best practices
Corporate social responsibility, business ethics	6	31	31	100%	Best practices
Total score:	103	492	407	83%	Developed practices

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Compliance with the principles of the Corporate Governance Code*

Aspects	Principles, recommended by the Code	Principles complied with in full	Principles complied with in part	Principles that are not complied with by the Company
Rights of stockholders and equal treatment of stockholders in the exercising of their rights	13	12	0	1
Board of Directors	36	23	11	2
Corporate Secretary	2	2	0	0
Remuneration system	10	8	2	0
Risk Management and Internal Control System	6	6	0	0
Information disclosure, information policy	7	6	1	0
Significant and important corporate actions and events	5	2	2	0
Total	79	59	16	3

* The statistical data is an aggregate from the report regarding Company's compliance with principles and recommendations of the Corporate Governance Code

Examine the Appendix for more details on the Company's compliance with the principles and recommendations of the Corporate Governance Code.

GENERAL MEETING OF STOCKHOLDERS

General Meeting of Stockholders is the supreme governing body of PAO Rosseti Ural. The exhaustive list of the General Meeting's purview is described in the Federal Joint-Stock Companies' Law and Company's Charter⁵¹. Aspects comprising the General Meeting's purview cannot be delegated to the Board of Directors, Executive Board and General Director of the Company. The General Meeting is not entitled to examine and decide on aspects that are not affirmed as its competence by the Federal Joint-Stock Companies' Law. The Federal Joint-Stock Companies' Law, Bank of Russia's Regulations on General Meetings of Stockholders, the Charter and Regulations on the General Meeting of Stockholders stipulate preparation and conduct of the general meetings of stockholders of PAO Rosseti Ural.

Guided by recommendations of the Corporate Governance Code, the Company strives to provide its stockholders with a large variety of

materials during arrangement of the general meeting to enhance feasibility of their decisions, including but not limited to the position of the Board of Directors with regard to the meeting agenda, charts and tables for comparison of the current versions and to-be-introduced revisions of the Company's bylaws. All materials are posted on the Company's official web-site and Interfax newswire web-page (agency accredited by the Bank of Russia for disclosures on securities and other financial instruments).

The Regulations on the General Meeting of Stockholders stipulate, in an easy-to-understand manner, the mechanics of the meeting, with stockholders permitted to discuss the agenda items and address relevant questions. Votes regarding agenda items of the General Meeting are tallied by the counting board. Its functions are performed by the independent registrar of the Company.



ANNUAL GENERAL MEETING OF SHAREHOLDERS

Meeting date: 31.05.2024

Form: Letter ballot

Quorum: 87.2718%