



PJSC Rosseti manages the Group's companies in accordance with uniform corporate standards aimed at ensuring the efficiency of business processes, controlling their quality, and minimising risks.

The primary means of engagement is guaranteed by corporate procedures, decision-making as the sole shareholder with regard to 100% owned subsidiaries, the exercise of shareholder rights with regard to other Group's companies, notably through representation on boards of directors and board committees.

These tools make it possible to control the actions of governance bodies on all key issues, the list of which is specified in the Articles of Association of PJSC Rosseti and its subsidiaries.

We also maintain an open dialogue with minority shareholders of the Group's companies. Interaction within the framework of the General Meetings of Shareholders and the work of the Boards of Directors, whose members and chairmen are senior managers of PJSC Rosseti, plays an important role.

**Maria Tikhonova,**  
Deputy Director General for Corporate Governance

— 2023 marked the completion of a large-scale restructuring of PJSC Rosseti. The total number of subsidiaries and other entities wherein the Company participated as of the end of 2023 increased to 48. What are the key mechanisms used to manage the Group's companies?

— The interests of the merged companies and the Company's shareholders were taken into consideration during the preparation and implementation of the restructuring process, and their expectations and suggestions were meticulously accommodated. The Company kept up a high standard of corporate governance throughout the restructuring.

Furthermore, we expeditiously incorporated our corporate standards into the operations of three new companies that joined the Rosseti Group as part of an additional issue.




## Improvement of the Corporate Governance System

### Development of the corporate governance system

2019	2020	2021	2022	2023
<p><b>Improvement of the corporate governance practices</b></p> <p><b>Registering the Company's shares in the bases for calculating "Responsibility and Transparency" and "Sustainable Development Vector" indices</b></p> <ul style="list-style-type: none"> <li>A new version of the Company's Corporate Governance Code was approved</li> <li>A new version of the Company's Regulation on the Information Policy was approved</li> <li>A new version of the Company's Regulation on the Insider Information Protection was approved</li> <li>Ordinary shares of the Company were firstly registered in the bases created by PJSC Moscow</li> <li>Exchange for calculating MOEX-RUIE "Responsibility and Transparency" and "Sustainable Development Vector" indices</li> </ul>	<p><b>Update of the Articles of Association and internal documents</b></p> <p><b>Transferring sole executive body (SEB)'s powers to the managing organisation</b></p> <ul style="list-style-type: none"> <li>The powers of the SEB were transferred to the managing organisation, thus enabling optimisation of administrative expenses and reduction of transaction costs</li> <li>A new version of the Company's Articles of Association was approved</li> <li>A new version of the Regulation on the Procedure for Preparation and Holding of the General Meetings of Shareholders was approved subject to the requirements of the Regulation of the Bank of Russia No. 660-P</li> <li>A new version of the Regulation on the Board of Directors of the Company was approved, determining the election procedure and functions of the senior independent director, as well as stipulating that Board members may participate in meetings via conference or video conference calls</li> <li>A new version of the Regulation on Remuneration and Compensation Payments to the Board of Directors was approved, prohibiting remuneration payments to Board members being employees of the Company</li> </ul>	<p><b>Improvement of the corporate governance practices</b></p> <p><b>Updating policies</b></p> <ul style="list-style-type: none"> <li>Amendments were made to the Regulation on the Investment Committee of the Board of Directors and to the Regulation of the Strategy Committee of the Board of Directors, aiming to reduce the headcount of the Committees</li> <li>The performance of the Board of Directors and its Committees was subject external assessment, involving an independent consultant</li> <li>New versions of the Regulation on the Corporate Secretary and the Regulation on the Risk Management System were approved</li> <li>A new version of the Regulation on the Information Policy was approved, determining the peculiarities of disclosing non-financial information by the Company, as well as the procedure and term for disclosing material information</li> </ul>	<p><b>Update of the Articles of Association and internal documents</b></p> <p><b>Strengthening the role of the Company's Board of Directors</b></p> <ul style="list-style-type: none"> <li>A new version of the Company's Articles of Association was approved, significantly enhancing the role of the Company's Board of Directors in making key decisions</li> <li>A collegial executive body — the Management Board of the Company, was added to the structure of the Company's governance bodies, and the Regulation on the Company's Management Board was approved</li> <li>New versions of internal documents regulating operations of other bodies of the Company were approved, allowing to improve exercising shareholders' rights and to carry on with the integration of recommendations set forth in the Corporate Governance Code of the Bank of Russia into the Company's activities</li> <li>Amendments were made to the Regulation on the Information Policy</li> </ul>	<p><b>Update of the Articles of Association and internal documents that regulate corporate control</b></p> <p><b>Launching a project to optimise the structure of the Rosseti Group</b></p> <ul style="list-style-type: none"> <li>The Risk Management and Internal Control Policy of PJSC Rosseti (the Rosseti Group) was approved to replace the Regulations on the Internal Control System and the Regulations on the Risk Management System in the Company</li> <li>The Policy on Internal Audit of the Company was approved instead of the Regulations on Internal Audit of the Company</li> <li>The Anti-Corruption Policy of the Company and its subsidiaries was approved instead of the Company's Anti-Corruption Policy</li> <li>Launch of a project aimed at consolidating the Rosseti Group's companies engaged in related activities in the provision of services, including telecommunications, design/construction services, as well as consolidating institutes and laboratories</li> </ul>

## Key Events in the Company's Corporate Governance System in 2023

In order to improve the corporate governance system in the Company in 2023, introduction of the best corporate governance practices activity, as well as their adaptation with a view of the specifics and structure of PJSC Rosseti were continued.

Focus area	Actions and Events in 2023
 <b>Shareholders' rights protection</b>	<ul style="list-style-type: none"> <li>The Company held the <b>Annual General Meeting of Shareholders</b> following the results of 2022 in the form of absentee voting under the provisions of Federal Law No. 25-FZ dated 25 February 2022. The shareholders had the chance to review all meeting documents in advance and cast their votes on the items on the agenda by completing the electronic voting ballot found on the Company's registrar's website, JSC STATUS.</li> <li>Shareholders of PJSC Rosseti have the option to use <b>the shareholder forum and a dedicated email address</b> to ask questions about the Annual General Meeting of Shareholders.</li> <li>A preemptive right to purchase the Company's shares to be placed was granted to shareholders who abstained from voting or voted against the resolution to increase the authorised capital of the Company by placing additional ordinary shares through private subscription, which was approved by the Annual General Meeting of Shareholders.</li> </ul>
 <b>Improvement of the corporate governance practices</b>	<ul style="list-style-type: none"> <li><b>The Risk Management and Internal Control Policy of PJSC Rosseti and its subsidiaries (the Rosseti Group) was approved</b> to replace the Regulations on the Internal Control System and the Regulations on the Risk Management System in the Company<sup>1</sup></li> <li><b>The Policy on Internal Audit of the Company was approved</b> instead of the Regulations on Internal Audit of the Company<sup>2</sup></li> <li><b>The Anti-Corruption Policy of the Company and its subsidiaries was approved</b> instead of the Company's Anti-Corruption Policy<sup>2</sup></li> </ul>
 <b>Information Disclosure</b>	<ul style="list-style-type: none"> <li><b>A new version of the Regulations on the Company's Information Policy was approved<sup>3</sup></b></li> </ul> <p>The changes are due to:</p> <ul style="list-style-type: none"> <li>Termination of the circulation of the Company's depositary receipts, as well as regulation of the procedure for restricting the disclosure and provision of information by the Company in order to minimise the risks of a negative effect from unfriendly and contrary to international law actions of the United States and adjoining states and international organisations related to the introduction of restrictive measures against citizens of the Russian Federation</li> <li>Listing of certain resolutions of the Board of Directors of the Company disclosed by PJSC Rosseti in addition to the requirements of the legislation of the Russian Federation into compliance with the new version of the Articles of Association of the Company, which significantly changed the scope of functions of the Board of Directors of the Company</li> </ul>

## Improvement of Corporate Governance Practices in 2023

In 2023, the Board of Directors of the Company developed and approved the Risk Management and Internal Control Policy of PJSC Rosseti and its subsidiaries (the Rosseti Group), the Internal Audit Policy of the Company, and the Anti-Corruption Policy of the Company and its subsidiaries.

- Risk Management and Internal Control Policy of PJSC Rosseti and subsidiaries (Rosseti Group of companies)**

According to the recommendations of the Bank of Russia on the organisation of risk management, internal control, internal audit, and the work of the Audit Committee of the Board of Directors (Supervisory Board) in public joint

stock companies (Information Letter of the Bank of Russia dated 1 October 2020 No. IN-06-28/143), it is recommended to consider risk management and internal control in the context of a single risk management and internal control system integrated into the Company's business processes.

In order to implement the above recommendation, the Risk Management System and the Internal Control System have been merged into a single system at the Rosseti Group. The purpose of the unified Policy is to ensure the implementation and maintenance of an efficient risk management and internal control system that complies with generally recognised risk management and internal control practices and standards, as well as the requirements of regulatory authorities, and contributes to the achievement of the Rosseti Group's business goals.

<sup>1</sup> Minutes of meeting of the Company's Board of Directors No. 616 dated 18 April 2023.  
<sup>2</sup> Minutes of meeting of the Company's Board of Directors No. 620 dated 7 June 2023.  
<sup>3</sup> Minutes of meeting of the Company's Board of Directors No. 609 dated 3 March 2023.

- Policy on Internal Audit of the Company**

The Policy was approved for the purpose of bringing uniformity to the documents used by the Rosseti Group.

- Anti-Corruption Policy of the Company and its subsidiaries**

Approving these Policies allowed the Company to improve the quality of corporate governance in the Company and to continue implementing the recommendations of the Bank of Russia on the organisation of risk management, internal control and internal audit. It will also make it possible to increase the efficiency of anti-corruption activities aimed at reducing the risks of material and reputational damage to the Company and its subsidiaries from corruption offences.

## Optimisation of the Rosseti Group's structure

In the reporting year, the Company launched a project to optimise the structure of the Rosseti Group. This project will consolidate the Rosseti Group's companies engaged in related activities. In particular, it is planned to consolidate companies engaged in construction and installation, engineering surveys, and development of design documentation under the aegis of JSC CECM UES, companies providing IT services — under the aegis of JSC Rosseti Digital, companies providing communication services — under the aegis of JSC MTCES, and institutes and laboratories — under the aegis of JSC STC FGC UES. It is anticipated that this project will save corporate governance expenses while also increasing the Group companies 'manageability'.

## Fulfilment of plans for 2023

From the actions to improve corporate governance planned for 2023, the following were implemented:

- Corporate governance rating was maintained at a high level (NRCU 7++)
- Strong discipline was maintained when carrying out the decisions made by the government bodies
- Internal documents of the Company aimed at improving risk management, internal control and internal audit systems were approved

## Plans for 2024

The Company plans to continue paying close attention to changes in legislation, Listing Rules, and regulatory authority recommendations in 2024 because it will be necessary to maintain the Articles of Association and internal documents of PJSC Rosseti and its subsidiaries current. This is to ensure timely development of new documents and procedures for the Company or standard amendments to existing ones. Following the completion of its restructuring in January 2023, the Company acquired control over 12 public joint stock companies with securities traded on the formal markets. Consequently, the corporate governance practices in Rosseti Group's companies need to receive more attention.

The key plans of the Company in the field of corporate governance cover:

- Ensuring that the corporate governance rating is at a high level
- Ensuring that key business issues are considered at in-person meetings of the Board of Directors and Committees
- Incorporating elements of corporate governance that contribute to the objective and high-quality disclosure of non-financial information by the Company
- Striving for regular consideration of sustainability and ESG issues by the Company's Board of Directors
- Making sure that the governance bodies' resolutions are fulfilled properly
- Continuing to implement the recommendations of the Bank of Russia's Corporate Governance Code in the activities of the Group's companies
- Overseeing that the Group's companies implement the recommendations of the Bank of Russia's Corporate Governance Code, maintain the corporate governance rating, and interact with minority shareholders of the Group's companies to ensure that best corporate practices are embedded in their operations
- Improving the Performance Self-Assessment Methodology for the Company's Board of Directors