

# PRINCIPLES AND OBJECTIVES OF CORPORATE GOVERNANCE OF ROSSETI KUBAN, PJSC



## OBJECTIVES OF THE COMPANY'S CORPORATE GOVERNANCE

Respect for the rights and interests of shareholders

Increase in shareholder value and investment appeal

Earning of profit from operations

Effective management of owned assets



## CORPORATE GOVERNANCE PRINCIPLES

### Accountability

In accordance with Russian laws, the Bank of Russia's Corporate Governance Code approved on 21 March 2014 by the Board of Directors of the Bank of Russia and as recommended by the letter of the Bank of Russia dated 10 April 2014 No. 06-52/2463 "On the Corporate Governance Code" to be applied by joint stock companies whose securities are admitted to organised trading (hereinafter — — the Corporate Governance Code of the Bank of Russia) and international corporate governance standards, the Board of Directors of the Company is accountable to the Company's shareholders

### Fairness

The Company undertakes to ensure equal and fair treatment of all shareholders, protect their rights and provide all shareholders with the possibility of receiving effective protection in the event that their rights are violated

### Transparency

The Company ensures timely disclosure of complete and reliable information on all material facts concerning its activities, including its financial position, performance (including social and environmental), ownership structure and management of the Company, as well as free access to such information for shareholders and other interested parties

### Responsibility

The Company acknowledges and ensures the rights of its shareholders and all stakeholders stipulated by the legislation of the Russian Federation







## KEY CORPORATE GOVERNANCE DOCUMENTS IN THE COMPANY

- Articles of Association
- Provisions regulating the activities of the Company's management bodies (General Meeting of Shareholders, Board of Directors, Management Board)
- Regulations on the committees under the Board of Directors
- Methodology of assessment of the performance of the Board of Directors and committees thereunder
- Corporate Governance Code
- Regulation on the Dividend Policy
- Regulations on insider information and information policy
- Regulations on the Corporate Secretary of the Company
- Protocol for coordination between the Company with business entities, shares (interests) of which are owned by Rosseti Kuban, PJSC, etc.

## POLICIES REGULATING THE MAIN BUSINESS PROCESSES OF THE COMPANY

- Anti-corruption policy
- Internal audit policy
- Internal control policy
- Risk management policy
- Environmental policy
- Code of Corporate Ethics and Conduct of Employees, etc.

[For more details on the documents, please visit the Company's website](#)

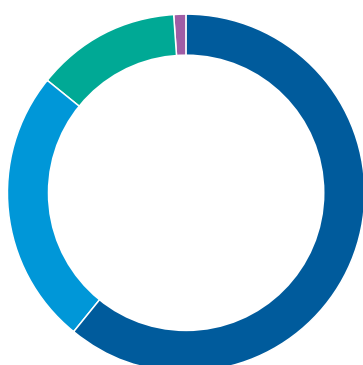
The Company has a Corporate Governance Code in place in order to ensure and protect the rights and interests of all shareholders of the Company, to improve corporate governance practices, to ensure transparency of the Company's management efficiency and to confirm its commitment to following the recommendations and advanced principles of corporate governance<sup>1</sup>.

Rosseti Kuban abides by the principles and recommendations of the Corporate Governance Code of the Bank of Russia as well. The report on the Company's compliance thereof in 2021 is available in [Appendix 1](#). The Board of Directors

certifies that all report contains complete and accurate information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

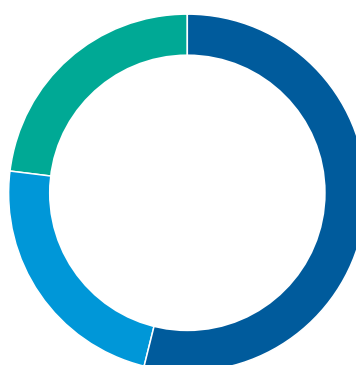
The Company's compliance with the principles and recommendations of the Bank of Russia's Corporate Governance Code improved in the reporting year compared to the previous one.

### COMPLIANCE OF THE COMPANY WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE OF THE BANK OF RUSSIA IN 2021 (%)



- 61 ■ Complied with
- 25 ■ Partially complied with
- 13 ■ Not complied with
- 1 ■ Not evaluated

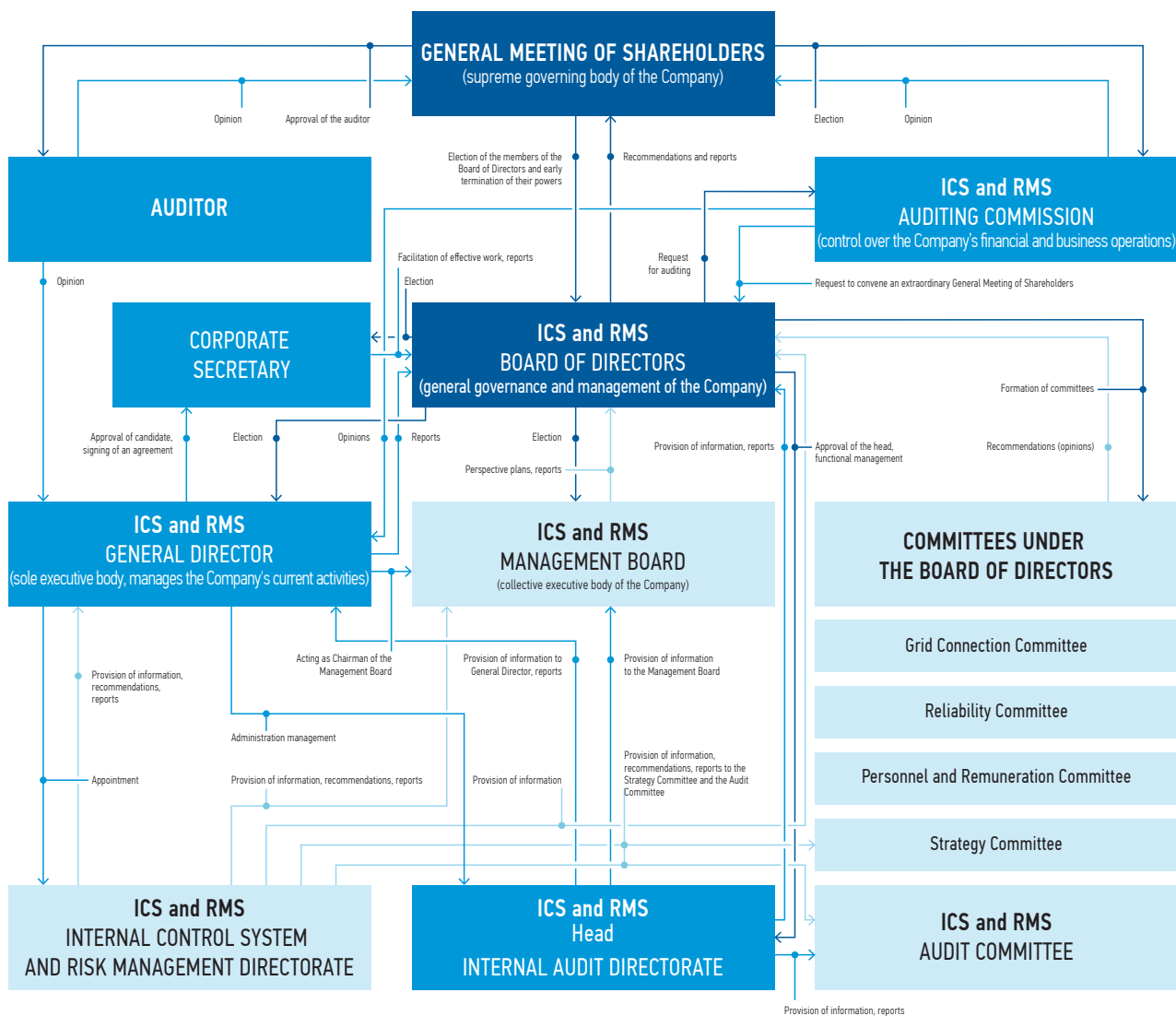
### COMPLIANCE OF THE COMPANY WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE OF THE BANK OF RUSSIA IN 2020 (%)



- 54 ■ Complied with
- 23 ■ Partially complied with
- 23 ■ Not complied with

<sup>1</sup> The current version was approved by the decision of the Board of Directors of Rosseti Kuban, PJSC dated 2 December 2021 (Minutes No. 456/2021 dated 3 December 2021).

### SCHEME OF CORPORATE GOVERNANCE AT ROSSETI KUBAN, PJSC



The ICS and RMS are the main actors in the internal control and risk management system.

# ENHANCING CORPORATE GOVERNANCE IN 2021

The Company continued to improve its corporate governance framework in the reporting year.

The annual General Meeting of Shareholders approved a new version of Rosseti Kuban's Articles of Association, which took into account certain recommendations of the Corporate Governance Code of the Bank of Russia and expanded the competence of the Board of Directors in terms of decision-making on prevention, identification and settlement of internal conflicts between the Company's bodies, shareholders and employees. The regulations on the General Meeting of Shareholders, the Board of Directors and the Management Board were revised and approved.

In 2021, due to the difficult epidemiological situation, subject to the provisions of Federal Law No. 17-FZ dated 24 February 2021 on Amendments to the Federal Law on International Companies and International Funds and the suspension of certain provisions of the Federal Law "On Joint Stock Companies" and the Federal Law "On Limited Liability Companies", the Company held its annual General Meeting by absentee vote, with shareholders being given the opportunity to vote by filling in the electronic ballot form on the official website of the registrar – JSC IRC – R.O.S.T.

The following documents were updated and approved as amended by the Board of Directors of the Company:

- Corporate Governance Code of Rosseti Kuban, PJSC (in order to bring it in line with the requirements of the Corporate Governance Code of the Bank of Russia, the Listing Rules of the Moscow Exchange and generally accepted corporate governance principles)
- Internal Audit Policy (to bring it in line with the requirements of the Corporate Governance Code of the Bank of Russia)
- Risk Management Policy (to bring it in line with the standards set out in the COSO Framework for Enterprise Risk Management. Integration with Strategy and Performance, national standard GOST R ISO 31000-2019 Risk Management. Principles and Guidelines approved by Rosstandart Order No. 1379-st dated 10 December 2019 "On Approval of the National Standard of the Russian Federation", International Standard ISO 31000-2018 Risk Management – Guidance

A total of 177 corporate events were held in 2021, including:

- 4 meetings of shareholders
- 47 meetings of the Board of Directors
- 83 meetings of committees under the Board of Directors
- 43 meetings of the Management Board

## PLANS TO IMPROVE CORPORATE GOVERNANCE FOR 2022

In 2022, the Company will keep on working on the improvement of the corporate governance, based on analysis of the best corporate governance practices, as well as the results of the corporate governance assessment by the internal audit and planned assessment (self-assessment) of the operation of the Board of Directors and its committees, including:

- Updating the Articles of Association and internal documents of the Company in line with the recommendations of the Corporate Governance Code of the Bank of Russia
- Ensuring that the Company's activities comply with the requirements of internal documents and conducting the necessary corporate procedures
- Conducting the self-assessment of the performance efficiency of the Board of Directors and its committees
- Planning and delivering the corrective action plans based on the results of the corporate governance assessment carried out by the internal audit function
- Supervising the timely and proper implementation of decisions of the Company's governing bodies
- Disclosing information about the Company in full and timely manner as required the laws on joint stock companies and the stock market