

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 75.000048% of the charter capital owned by the government. In 2023, PAO Rosseti, after completion of reorganization in the form of a merger of Public Joint-Stock Company Russian Grids, Joint-Stock Company Far East Energy Managing Company – UNES, Open Joint-Stock Company Tomsk Backbone Grids and Joint-Stock Company Kuban Backbone Grids to it, became a Rosseti Group holding company administering backbone and distribution grid complexes of the Russian Federation. PAO Rosseti has controlling stakes in 14 regional grid companies : PAO Rosseti Kuban, PAO Rosseti Lenenergo, PAO Rosseti Moscow Region, PAO Rosseti Volga, PAO Rosseti North West, PAO Rosseti North Caucasus, PAO Rosseti Siberia, OAO IDGC of Urals, PAO Rosseti Center, PAO Rosseti Center and Volga, PAO Rosseti South, PAO TRK, AO Rosseti Tyumen, AO Rosseti Yantar. 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, under the Rosseti Group's Development Strategy until 2030⁴² 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 and growth of their market capitalization. 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

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.

Our corporate governance practices are premised on the principles, described below:

- **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.

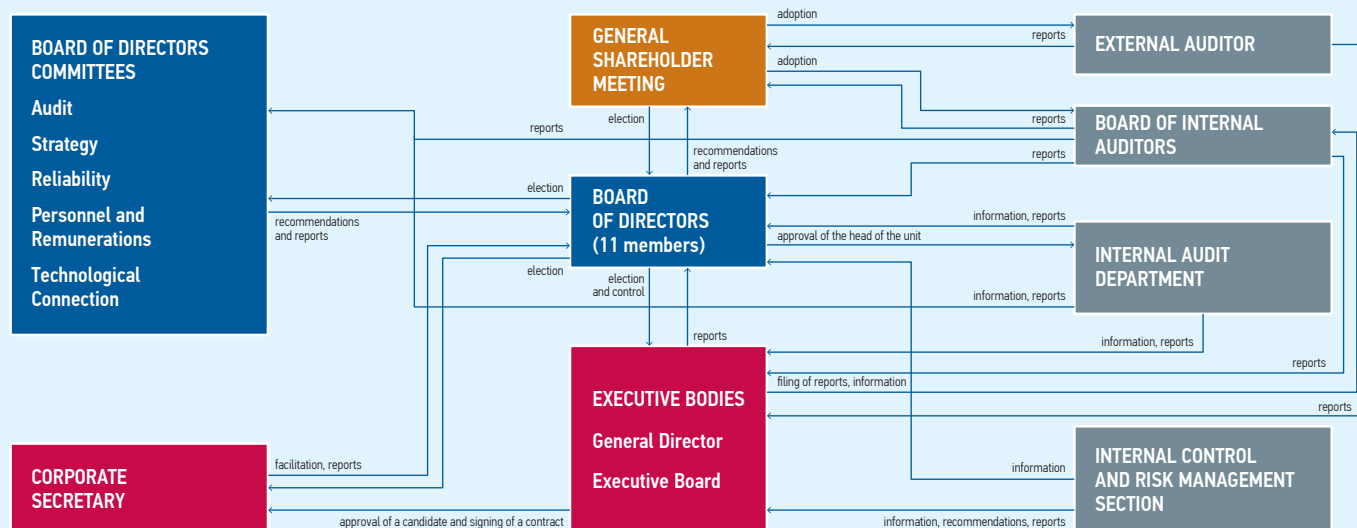
Its corporate governance practices constantly upgraded, the Company keeps its fingers on the pulse of corporate governance trends evolving in Russia. The Company highlights the importance of the Corporate Governance Code, adopted and enforced by the Central Bank from 2014. Principles and recommendations of the Code set the bar high and serve as a guidemark for further development of the corporate governance system by the Company. We also focus hard on regulatory requirements to reflect them in our corporate governance practices.

The corporate governance system of OAO IDGC of Urals 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.

* OAO IDGC of Urals' brand name is Rosseti Ural.
PAO TRK's brand name is Rosseti Tomsk.

Corporate governance structure



Self-evaluation of corporate governance level

The Company conducts self-evaluation of corporate governance practices on an annual basis in compliance with the Methodology⁴⁴.

CY2021-2022 evaluation of efficiency of corporate governance in OAO IDGC of Urals*

Component	Number of criteria under evaluation	Largest possible score	Internal Audit's evaluation	Compliance, %	Evaluation of corporate governance
Shareholder rights	19	71	65	92%	Developed practices
Board of Directors	51	185	124	67%	Good practices
Executive bodies	5	40	34	85%	Developed practices
Transparency and disclosures	15	135	113	84%	Developed practices
Risk management, internal control and internal audit	16	63	63	100%	Best practices
Corporate social responsibility, business ethics	6	31	31	100%	Best practices
Total score	112	525	430	82%	Developed practices

* Pursuant to Federal Laws^{45,46} items 16,18,19 of the questionnaire are not taken into account in CY2021-2022 evaluation.

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	10	2	1
Board of Directors	36	26	9	1
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	3	2	0
Total	79	61	16	2

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

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