

Memorandum of the majority shareholder – Rosseti, PJSC in relation to controlled grid operators

Purpose of shareholding and plans related to controlling blocks of shares

Public Joint-Stock Company Federal Grid Company – Rosseti (Rosseti, PJSC) is a public joint-stock company in which the government has a 75.2780% participating interest¹.

In January 2023, Rosseti, PJSC became the parent company of Rosseti Group responsible for managing of transmission and distribution power grid complexes of the Russian Federation as a result of completion of its reorganization through a merger with Public Joint-Stock Company Rossiyskie Seti, Joint-Stock Company Far East Energy Management Company – UNEG, Open Joint-Stock Company Tomsk Transmission Grids, and Joint-Stock Company Kuban Transmission Grids.

Rosseti, PJSC owns a controlling stake in the following 17 key distribution grid companies¹: Rosseti Kuban, PJSC; Rosseti Lenenergo, PJSC; Rosseti Moscow Region, PJSC; Rosseti Volga, PJSC; Rosseti North-West, PJSC; Rosseti North Caucasus, PJSC; Rosseti Siberia, PJSC; Rosseti Urals, PJSC; Rosseti Center, PJSC; Rosseti Center and Volga Region, PJSC; Rosseti South, PJSC; TDC, PJSC; Rosseti Tyumen, JSC; Rosseti Yantar, JSC; RES, JSC, Energetik, JSC; Electromagistral, JSC.

Rosseti, PJSC considers these control block of shares to be strategic assets that are not subject to alienation.

Key objectives with respect to assets

Rosseti, PJSC's key objective in managing these subsidiaries is to develop the electric grid sector based on advanced innovative technologies to meet customer demand and address the social and economic growth of the Russian Federation.

Rosseti, PJSC defined the following strategic development priorities of the Group's companies:

- to ensure a reliable, high-quality and affordable power supply, and contributing to the energy security of the Russian Federation
- to ensure further increase in the efficiency of the Company's core business, including through the introduction of digital technology solutions and innovations
- to develop new lines of business (non-tariff services and customer services) through digital transformation in order to ensure the Company's sustainable adaptation to changes across the industry
- to implement the principles of sustainable development.

Principles of corporate governance

¹ Taking into account placed shares of additional issue of securities (state issue number 1-01-65018-D-109D dated August 21, 2023)

Rosseti, PJSC manages the Group's companies in accordance with the uniform corporate governance standards intended to ensure the efficiency of business processes, control of their quality, and minimization of all types of corporate risks.

As the majority shareholder, Rosseti, PJSC is fully aware of the importance of improving corporate governance across the Group's companies and strives to ensure openness and transparency of their activities, and to introduce the recommendations of the Corporate Governance Code into their business practices.

In line with the best corporate governance practices, Rosseti, PJSC annually ensures that the number of independent directors in the Boards of Directors of Rosseti Group's listed companies is sufficient to comply with listing rules and corporate governance principles. To ensure that activities of the Boards of Directors of Rosseti Group's companies are based on principles of independence and objectivity, it is planned to maintain the number of independent directors at least at the current level.

Representatives of Rosseti, PJSC also participate in the annual general meetings of shareholders of the Group's companies in order to establish communication with minority shareholders on the Company's growth prospects.

Rosseti, PJSC guarantees that the Group's companies comply with market principles in their financial and business activities.

As the majority shareholder, Rosseti, PJSC supports the initiatives of the Group's companies related to the protection of the rights and interests of minority shareholders.

The dividend policy of Rosseti Group of companies is based on strict observance of shareholders' rights, as provided by laws of the Russian Federation, and is aimed at improvement of investment appeal of the Group's listed companies and increase of their market capitalization.

The amount of dividends recommended for payment is set by the Boards of Directors of Rosseti Group's companies based on financial performance, including the results based on consolidated financial statements under IFRS.

¹ TDC, PJSC provides services under the Rosseti Tomsk brand.