

**22**  
ANNUAL REPORT

**ENERGY  
TO PEOPLE**



# ABOUT THE REPORT

## PUBLIC JOINT STOCK COMPANY ROSSETI KUBAN (ROSSETI KUBAN, PJSC)

**Approved by:**  
resolution of the Annual General Meeting of Shareholders of Rosseti Kuban, PJSC dated 16 June 2023  
(Minutes No. 50 dated 21 June 2023)

**Pre-approved by:**  
resolution of the Board of Directors of Rosseti Kuban, PJSC dated 11 May 2023  
(Minutes No. 519/2023 dated 12 May 2023)

**The reliability of the data contained herein is confirmed by:**  
resolution of the Auditing Commission of Rosseti Kuban, PJSC dated 28 April 2023  
(Minutes No. 3 dated 28 April 2023)

## ANNUAL REPORT PUBLIC JOINT STOCK COMPANY ROSSETI KUBAN FOR 2022

This Annual Report presents the results of Public Joint Stock Company Rosseti Kuban for 2022, as well as certain important events that occurred after the reporting date between 1 January 2023 and the preliminary approval of the Annual Report by the Board of Directors.

The Report aligns with Russian laws, such as:

- Federal Law No. 39-FZ "On Securities Market" dated 22 April 1996
- Federal Law No. 208-FZ "On Joint Stock Companies" dated 26 December 1995 (hereinafter – Federal Law "On Joint Stock Companies")
- Bank of Russia Regulation No. 714-P "On Disclosure of Information by Issuers of Equity Securities" dated 27 March 2020
- Recommendations of the Corporate Governance Code of the Bank of Russia for use by joint stock companies that have stock-exchange securities by the Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014 (hereinafter – the Corporate Governance of the Bank of Russia)
- Recommendations on disclosure of non-financial information related to activities of public joint stock companies sent by Letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021

Herein, Public Joint Stock Company Rosseti Kuban is also referred to as Rosseti Kuban, PJSC, Rosseti Kuban, the Company, Kubanenergo, PJSC (when the periods (events) that took place from 22 June 2015 to 10 August 2020 are mentioned), Kubanenergo, OJSC (when the periods (events) that took place before 22 June 2015 are mentioned).

The following entities ceased to operate on 9 January 2023:

- Public Joint Stock Company Russian Grids (abbreviated Rosseti, PJSC) – the Company's largest shareholder
- Joint Stock Company Kuban Main Grids
- Joint Stock Company Tomsk Main Grids

- Joint Stock Company Far East Energy Management Company – UNPG (also a shareholder of the Company) in connection with their merger with Public Joint Stock Company Federal Grid Company – Rosseti (abbreviated name of Rosseti, PJSC, formerly FGC UES, PJSC). The latter is the universal legal successor of the above entities and has acquired ownership of all shares of Rosseti Kuban, PJSC owned by the above-mentioned shareholders of the Company.

Accordingly, whenever Rosseti, PJSC is mentioned in this Report, the Company is referring:

- Until 9 January 2023 to Public Joint Stock Company Russian Grids
- Since 9 January 2023 to Public Joint Stock Company Federal Grid Company – Rosseti

## REPORT SLOGAN: "ENERGY TO PEOPLE"

Material topics related to the Company's activities disclosed in the Report:



Environmental aspects of activities



Energy saving and energy efficiency



Social aspects and employee relations issues



Occupational health and safety



Consumer relations



Fight with corruption, influence peddling and bribery of foreign officials

### Disclaimer

This Annual Report was prepared using the information available to Rosseti Kuban, PJSC and its subsidiaries at the time of the Report compilation.

The material in the Report is based on projections and estimations made by the Company's management based on the current circumstances, including information about Rosseti Kuban's production and business operations in the future. Actual performance may differ from these projections and estimations due to the influence of numerous objective factors.

The Annual Report contains certain forward-looking statements regarding the Company's business operations, financial and economic performance, plans, projects and expected results. The Report may also include estimates of trends in service/product prices, production and consumption volumes, costs, projected expenditures, development prospects and

similar factors, as well as industry and market forecasts, start and end dates of individual projects of the Company.

The words "intends", "strives", "projects", "expects", "estimates", "plans", "believes", "anticipates", "may", "should", "will" and "will continue", as well as similar expressions, generally indicate forward-looking statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that assumptions, forecasts, projections and other forward-looking statements may not materialise. The Company cautions that, in light of these risks, uncertainties, and assumptions, actual outcomes might differ materially from those implied directly or indirectly in such forward-looking statements, which are only accurate as of the date this Annual Report was written.

The Company makes no promises or guarantees regarding the realisation of the results expressed in the forward-looking statements. Rosseti Kuban disclaims any liability for any losses incurred by individuals or entities that bank on any forward-looking statements. In each individual case, these forward-looking statements are simply one of many scenarios that could occur and shouldn't be taken as the most likely one.

The Company does not commit to publishing updates to or modifications to forward-looking statements based on both new information and subsequent events, except for the instances expressly provided by Russian legislation.

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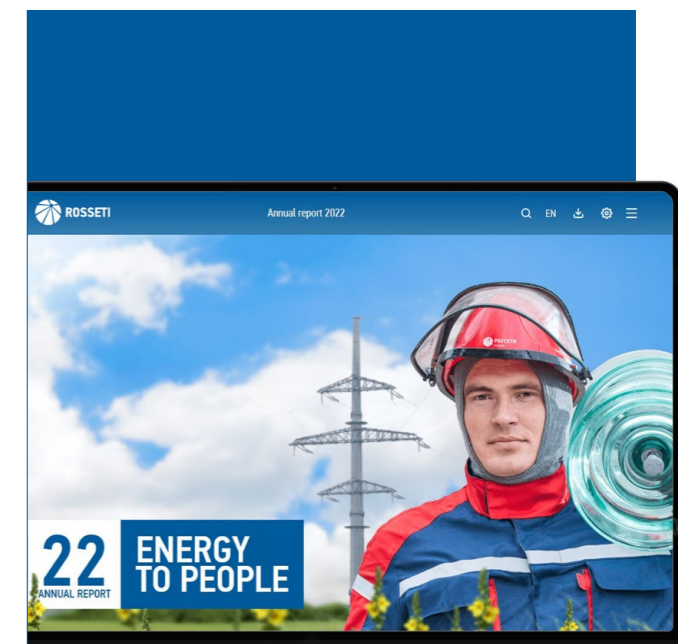
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ELECTRONIC VERSION  
OF THE ANNUAL REPORT

# STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



**DANIIL KRAINSKIY**

Chairman of the Board of Directors  
Rosseti Kuban, PJSC

## DEAR SHAREHOLDERS, INVESTORS AND PARTNERS,

In 2022, Rosseti Kuban, the leading power grid provider in the Krasnodar Territory and the Republic of Adygeya, continued to provide high-quality services while successfully adjusting to new difficulties and social and political shifts.

# 77.1% of RGR

Company's share of the regional market

# 2.88 RUB bn

total amount of accrued dividends from  
net profit for 2021 and 9M 2022

Maintaining sustainable and stable development, hitting production targets, ensuring the safety of the Company's employees, and enhancing the quality of services, including customer service and information transparency, were the main tasks assigned to the Company's management and completed by the end of the reporting period.

At 77.1% of the required gross revenues for the region, the Company maintained its dominance in the regional market for electricity transmission services. In the near future, the Company will be able to preserve its status as the largest power grid company thanks to the existing development dynamics and the expansion of grid connection volumes in the regions where it operates.

The upholding of obligations to complete equipment repairs and invest in renovation and new construction on time and in full compliance with its annual programmes was the Company's persistent priority for 2022. Capital finding reached a total of RUB 12.08 billion at the end of the year.

The Board of Directors of Rosseti Kuban placed its focus on safeguarding shareholder interests, enhancing the financial and economic condition, and boosting stakeholder confidence in the business during the reporting year.

The General Meeting of Shareholders decided, on the Board of Directors' recommendation, to pay RUB 2.88 billion worth of dividends from net profits for 2021 and the first nine months of 2022.

The Company kept up the additional share offering it began in 2021, placing 28.6 million shares and receiving RUB 2.86 billion in exchange. The additional shares are being issued in order to finance projects that would improve the Republic of Adygeya's energy infrastructure, renovate the power supply centres in the energy district of Sochi, and strengthen Rosseti Kuban's financial position by lowering its debt load.

The Board of Directors held 44 meetings in 2022, during the course of which more than 160 matters were discussed. The Board of Directors spent the majority of its time overseeing the management team's activities, approving plans and internal documents, organising and holding the General Meeting of Shareholders, and addressing issues relating to human resources.

The approval of the Company's long-term programmes, updated 2020–2030 Digital Transformation programme, power grid renovation programme, energy saving and efficiency programme, roadmap for development of additional (non-tariff) services, information security programme, as well as approval of an amended version of the Regulations on Information Policy are a few of the Board of Directors' most significant decisions in the reporting year.

The rollout of IT products, the creation and customisation of new technologies, the development of digital models, and the standardisation of information flows are only a few examples of the Company's strong commitment to sustainability.

In order to achieve the strategic objectives set for the Company and a consistent positive financial result of its operations, Rosseti Kuban put the 2022–2026 Operating Efficiency Improvement and Cost Reduction Programme in place.

With a target of RUB 2.28 billion, the 2022 bottom line showed a profit of RUB 5.24 billion. EBITDA amounted to RUB 16.14 billion, against a target of RUB 10.59 billion.

Given the Kuban region's rapid development, the timely and cost-effective connection of new consumers to the power grid, including housing projects, agricultural businesses, socially significant educational and healthcare facilities, continue to be Rosseti Kuban's mainstay. This promotes social and economic development in the regions where the Company operates.

In 2022, the Company increased the amount of connected capacity as part of the grid connection for both household consumers and industrial, construction, small and medium-sized businesses. The largest applicants were the Talent and Success Educational Foundation (10 MW), PJSC Novorossiysk Grain Processing Plant (9.8 MW), LLC Yugstroy-Electroset (9.8 MW), JSC NESK Electroseti (9.3 MW), Dogma Group construction company (6.4 MW), Gazprom Social Initiatives Support Fund (4.5 MW) and others.

Rosseti Kuban aims to consistently increase non-tariff revenues through the provision of additional services. By 2027, it is intended to expand the share of these revenues to 9% of other activities.

The Company's primary goals for 2023 are to make sure that there are no accidents during peak load seasons, to receive on time a certificate of readiness to work in the autumn-winter period of 2023–2024, to deliver on planned investment and repair programmes, including participation in significant regional and federal projects to expand the region's road and port infrastructure, the mountain cluster of the Republic of Adygeya resort area, and further development of the Sirius federal territory.

The Board of Directors continues to set a high priority on making decisions that will help the Company maintain a sound financial position, make grid connection more available and upgrade the power supply, as well as on working to cut down on transmission losses and develop non-tariff services.

# 5.24 RUB bn

net profit for 2022  
(with a target of RUB 2.28 bn)

# 16.14 RUB bn

EBITDA for 2022



# STATEMENT BY ACTING DIRECTOR GENERAL



**BORIS EBZEEV**  
Acting General Director  
Rosseti Kuban, PJSC

## DEAR SHAREHOLDERS, PARTNERS AND COLLEAGUES,

The management of Rosseti Kuban was persistent in its efforts to implement anti-crisis measures in 2022 despite new economic and political realities. These measures were intended to promote sustainable development, and preserve stability and high corporate social responsibility status.

Business processes were transformed in order to meet production and financial targets and obligations to the Company's customers – the residents of the Krasnodar Territory and the Republic of Adygeya – which ultimately made it possible to end the reporting period at a profit, without compromising the quality of operations.

Traditionally, Rosseti Kuban's top objective has been to make sure that consumers in Kuban and Adygeya have a reliable and uninterrupted power supply. In order to accomplish this goal, a series of steps were taken in 2022 to increase the region's energy infrastructure's reliability. The maintenance and repair programme was also carried out within the allotted time period and fared better than planned. The Company spent RUB 3.6 billion on maintenance and repair of its energy equipment. Our specialist repaired almost 10,000 kilometres of power lines and 1,500 transformer substations, and replaced 4,700 poles and towers.

Given that all the necessary measures to prepare the Company for the autumn-winter period of 2022–2023 have been taken with adequate quality, Rosseti Kuban received a certificate of readiness to work in the heating season, based on the decision of the Ministry of Energy of Russia.

Additionally, the Company provided reliable power supply during the summer season to resort infrastructure facilities of national and regional significance, including transportation, communication, sporting, and cultural facilities in the resort city of Sochi and on federal territory of Sirius during the Congress of Young Scientists and the All-Russian Week of Occupational Health and Safety.

Rosseti Kuban employees assisted in restoring the power supply infrastructure in Mariupol, Donetsk People's Republic. The Company's specialists surveyed the condition of the facilities and repaired the city's critical energy infrastructure.

During 2022, the Company continued its programme to promote workplace discipline, prevent and reduce work-related injuries and ill health, as well as to train employees in the Zero Injury Coach programme.

Considerable efforts were focused on the enforcement of environmental laws to reduce the negative impact on the environment, ensure environmental safety at power grid facilities, modernise equipment and use innovative technologies during renovation, retrofitting and construction of power grids, as well as the rational use of natural resources. Rosseti Kuban's environmental management system is compliant with the requirements of the international standard ISO 14001 Environmental Management System.

As part of its investment efforts in 2022, the Company commissioned 579 MVA of transformer capacity and more than 1,000 kilometres of power transmission lines (PTL).

The renovation of the 35/10 kV Enem, Kombizavod, Tulskeya, Sadovaya, 110/35/10/6 kV Cheremushki and Severnaya power supply centres in the Republic of Adygeya are among the largest 2022 investment projects. The projects were implemented under the Russian Government's directives to create affordable energy infrastructure for power supply to industrial and investment sites in the region.

The Company continued with grid connection to the Company's grid infrastructure. More than 36,000 customers were connected in 2022. The capacity output totalled 795 MW. The new subscribers include household consumers, healthcare facilities, education and cultural institutions, large agro-industrial enterprises and housing construction projects.

The realisation of the postponed demand component, which resulted from the easing of restrictive measures that were in place in 2020 and the first half of 2021 to prevent the spread of the novel coronavirus infection COVID-19, is substantially responsible for the rise in connected capacity compared to previous periods. The rise in capacity was also helped up by legislative amendments made by Russian Government Decree No. 639 dated 24 April 2021, which streamlined and sped up the grid connection process for the majority of applicants.

In terms of grid connections, the Company prioritises meeting the power requirements of agricultural enterprises in southern Russia, eradicating power shortages in the territorial major industrial and residential hubs, including Krasnodar, Novorossiysk, and Tuapse, and providing electrical service to recently constructed and upgraded existing facilities that are crucial to the local population and economy. These include construction of the 110/35/10 kV Dorozhnaya substation, the 35/10 kV Pridorozhnaya substation and 110–35 kV overhead lines to supply power to the section of A-289 Krasnodar-Slavyansk-on-Kuban-Temryuk federal highway, Phase I-II construction of the A-290 Novorossiysk-Kerch motorway; construction of the 110 kV Plato substation and overhead PTIs for electric service of the Lagonaki all-season mountain resort; renovation of substations and construction of 110 kV PTLs for the Yablonovsky Industrial Park.

The electricity delivery to the grid was over 26 billion kWh. The year-on-year increase in delivery stood at 3.3%.

To improve the energy efficiency of equipment in use, each year the Company develops a loss-reduction action plan and an energy-saving and efficiency-improvement plan with the goal of lowering the consumption of energy resources for both production and household needs. In terms of reduced electricity losses, the results for 2022 show a saving of 66 million kWh (RUB 248 million).

In 2022, the Company generated a profit of RUB 5,244.5 million, mostly as a result of an increased number of services rendered.

Rosseti Kuban keeps working on creating and offering additional services. Revenues in this business area exceeded RUB 1.03 billion, exceeding the target by 6%. The most demanded services were care, repair and maintenance services, diagnostics and testing services, placement of telecommunication equipment, including fibre-optic communication lines, construction and installation works, and renovation and retrofitting of consumer's power grid facilities.

In 2022, the Company updated its Digital Transformation Programme until 2030, which includes measures for transition to the

predominant use of domestic software. The aim of the programme is to improve the efficiency of operations and reliability of service delivery, change the logic of processes and offer new services through the introduction of high-tech solutions.

As part of its customer service system, the Company continued to develop interactive client services and stayed committed to providing a comfortable face-to-face customer experience. More than 103,000 messages were submitted using online services in 2022, an 18% increase from the prior year.

In 2022, Rosseti Kuban accomplished its production goals to offer the Krasnodar Territory and the Republic of Adygeya consumers a reliable, high-quality power supply, and it strengthened its reputation as a business with a high level of social responsibility and steady growth.

# 579

**MBA**

of transformer capacity commissioned by the Company as part of its investment activities in 2022



# About the Company

As a significant taxpayer, Rosseti Kuban, PJSC actively contributes to the social and economic life of the region by implementing a number of social projects, engaging in charitable work, and giving jobs and employment to workers of suppliers in related industries

**77.1%**

Company's share on the regional electricity transmission market in 2022

**765,000**

**c.u.**  
volume of service



# MISSION AND VALUES OF THE COMPANY

## THE COMPANY'S VALUES ENshrINED IN THE CODE OF CORPORATE ETHICS AND EMPLOYEE CONDUCT

### THE MISSION OF ROSSETI KUBAN

is to gain profit while providing customers in the Krasnodar Territory and the Republic of Adygeya with a reliable, secure, and accessible electric service. To achieve this, the Company must manage the distribution grid as efficiently as possible, employ cutting-edge technology and innovations, adhere to international service quality standards, and follow best practises in corporate governance.

The Company refuses to compromise its values for financial gain because it sees them as a key element connecting all of its activities. The Company therefore expects the same of its business partners.

The Company holds dear its corporate values and maintains a high level of the corporate culture.

Please see the Code of Corporate Ethics and Conduct of Employees

### RELIABILITY



The Company seeks to ensure maximum reliable, uninterrupted power supply to cover the economic and social needs of Russia by taking every organisational and technical effort

necessary to guarantee reliable operation of power grid infrastructure while also ensuring the security of its facilities.

### EFFICIENCY



Performance efficiency is the Company's basic value since it recognises its obligations to shareholders, investors and partners. The Company works towards continuous profit growth enabled by the strategic initiatives of supervision and governance bodies, top management and shareholders.

### HUMAN RESOURCES



The Company's major resource is its workforce, which aids in the creation, preservation, and long-term growth of the Company's worth and credibility. Whether the Company is to achieve its strategic goals and objectives set by the state depends to a large extent on the professionalism, integrity, and safety of labour of its employees.

The staff structure (including management of the Company) is based on the principles of fairness and objectivity. The decision-making on appointment or promotion is governed by business qualities only.

The Company welcomes the so-called labour dynasties and enables their development.

Every employee is valuable to the Company regardless of gender, age, colour, nationality and position, and all of them have equal opportunities for successful and effective work, professional development and career progress.

The Company promotes the continuity of generations by respecting the veterans' experience while also enabling them to convey their knowledge and traditions to new generations of workers, within labour dynasties as well.

### SECURITY



When it comes to the implementation of security measures and the avoidance of potential wrongdoing, the Company takes a balanced, carefully regulated approach.

### SOCIAL RESPONSIBILITY

Rosseti Kuban is a socially responsible company that places a high priority on addressing the environment issues, ensuring employee safety, and implementing social initiatives.

Below are the principles of professional ethics and intra-corporate conduct binding upon all employees of the Company:

- Professionalism
- Confidentiality
- Image and reputation
- Integrity and responsibility
- Interaction and collaboration

# PRESENTATION OF ROSSETI KUBAN, PJSC

In the Krasnodar Territory (including Sochi), the Republic of Adygeya, and the federal territory of Sirius, Rosseti Kuban transmits and distributes electricity to consumers on 110 kV and lower power grids between populated areas, in rural settlements, individual cities, and district centres.

Rosseti Kuban serves an area in the Krasnodar Territory and the Republic of Adygeya.

## 83,300 sq.km

and over people

## 6.3 million people

As the largest taxpayer, the Company actively participates in the social and economic life of the region by fostering employment opportunities for suppliers in related industries, organising a variety of social programmes, and participating in charitable endeavours.

Rosseti Kuban is a public company with stock admitted to trading on the Moscow Stock Exchange.

The Company runs its core business under natural monopoly conditions, with state regulation as to:

- Setting tariffs for electricity transmission services and fees for grid connection of consumer terminals to the Company's power grid
- Giving non-discriminatory access to the above-mentioned services on equal footing

### POSITION OF ROSSETI KUBAN IN UES OF RUSSIA AND IES OF SOUTH IN TERMS OF ELECTRICITY DELIVERY TO THE COMPANY'S GRID IN 2020–2022 (BILLION KWH)

Indicators	2020	2021	2022	Rosseti Kuban's share in 2022 (%)
Electricity consumption in UES of Russia	1,033.7	1,090.4	1,106.3	2.4
→ Including in IES of South	100.69	108.27	111.0	23.5
→ Including Rosseti Kuban (electricity delivery to the Company's grid)	23.01	25.22	26.06	100

Source: Functional reports on UES of Russia published by JSC SO UPS at <https://www.so-ups.ru/functioning/tech-disc/tech-disc2022/>

### THE COMPANY'S SHARE IN THE REGIONAL ELECTRICITY TRANSMISSION MARKET (OF REGIONAL RGR) IN 2020–2022 (%)



### KEY CHARACTERISTICS OF THE COMPANY AS OF THE END OF 2022:

Volume of service

**765 thousand c.u.**  
including electricity grids – **411 thousand c.u.**

Total length of power transmission lines

**93.6 thousand kilometres**  
(by circuit)

Number of 35–220 kV substations, 6–10(35)/0.4 kV transformer substations

**25,690**

Power grid branches

**11**

Design capacity utilisation rate of an energy system

**4,996 MW**  
**72.41%<sup>1</sup>**

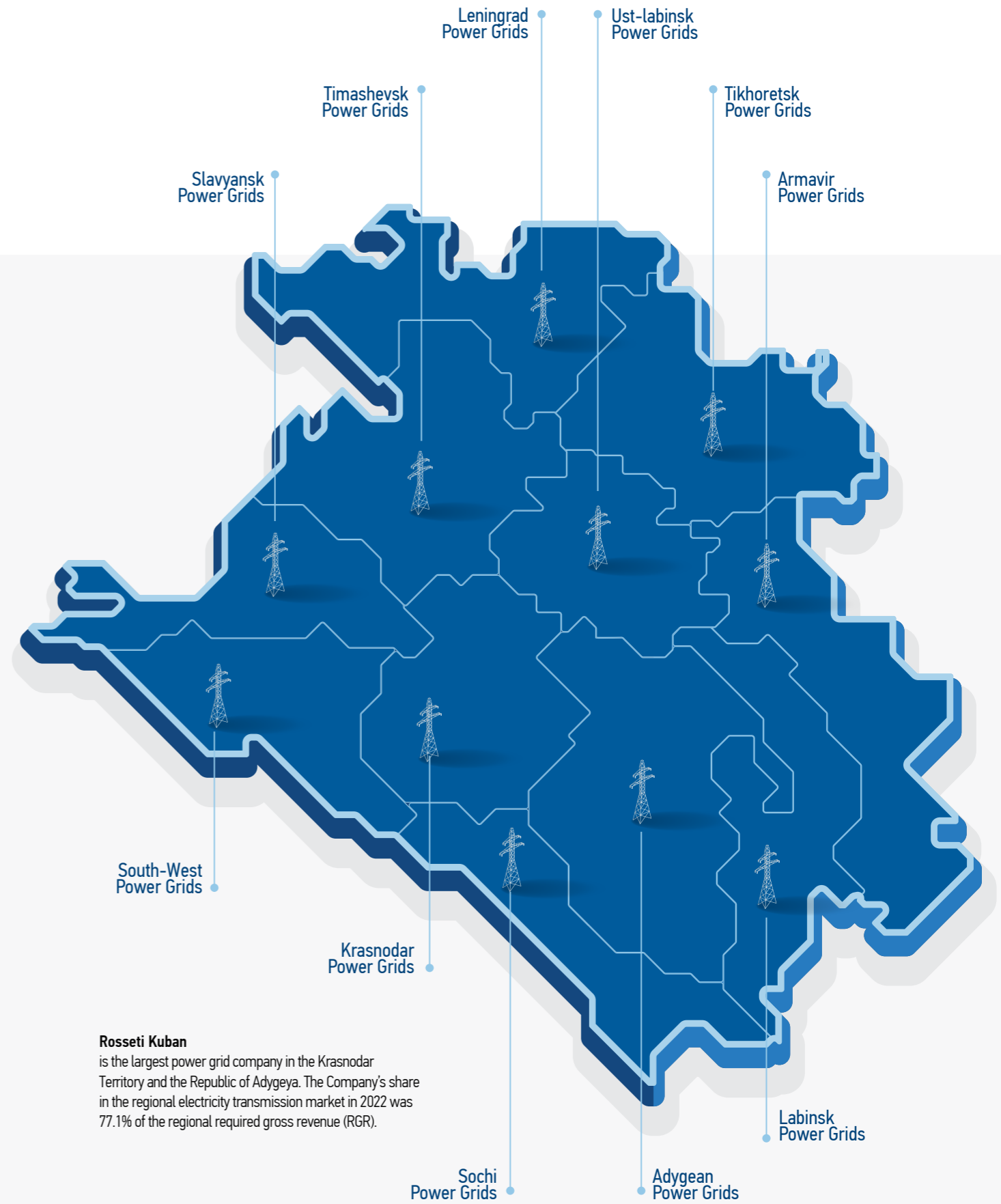
Maximum allowable design capacity of an energy system<sup>2</sup>

**9,169.3 MVA**

Total number of points of delivery to consumers connected to Rosseti Kuban's power grids

**1,225,864**

## COMPANY'S SERVICE TERRITORY



**Rosseti Kuban** is the largest power grid company in the Krasnodar Territory and the Republic of Adygeya. The Company's share in the regional electricity transmission market in 2022 was 77.1% of the regional required gross revenue (RGR).

<sup>1</sup> Under-use of design capacity due to creating redundancy for power failures or scheduled repair.

<sup>2</sup> Only for 110 kV substations.



# BUSINESS MODEL

The Company also uses financial, industrial, intellectual, human, social and reputational, and environmental capitals (resources).

In its day-to-day operations, Rosseti Kuban balances out interests and creates values for all stakeholders, contributes to the economic growth of the regions where it operates, adheres to the idea of sustainable development, and ensures reliable and affordable energy supply to consumers.

## CHANGE IN THE COST OF CAPITALS OVER 2022

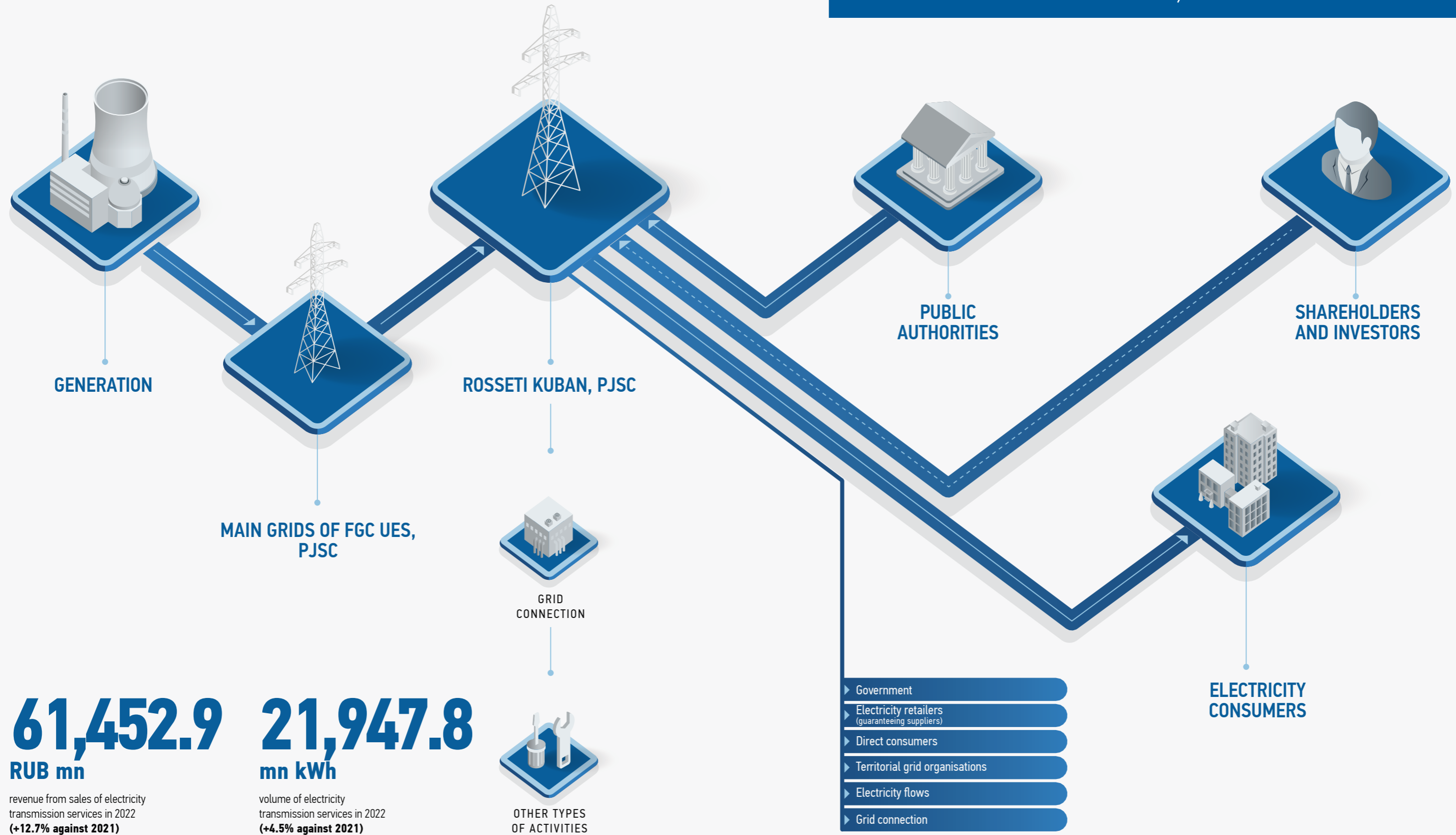


<sup>1</sup> Calculated by Moscow Exchange, PJSC at the market price (3).

### BUSINESS MODEL OF ROSSETI KUBAN, PJSC

THE CORE BUSINESS OF THE COMPANY IS ELECTRICITY TRANSMISSION AND DISTRIBUTION SERVICES

**96.4%**  
OF THE COMPANY'S REVENUES  
IN THE REPORTING YEAR



**61,452.9**  
RUB mn

revenue from sales of electricity transmission services in 2022  
**(+12.7% against 2021)**

**21,947.8**  
mn kWh

volume of electricity transmission services in 2022  
**(+4.5% against 2021)**

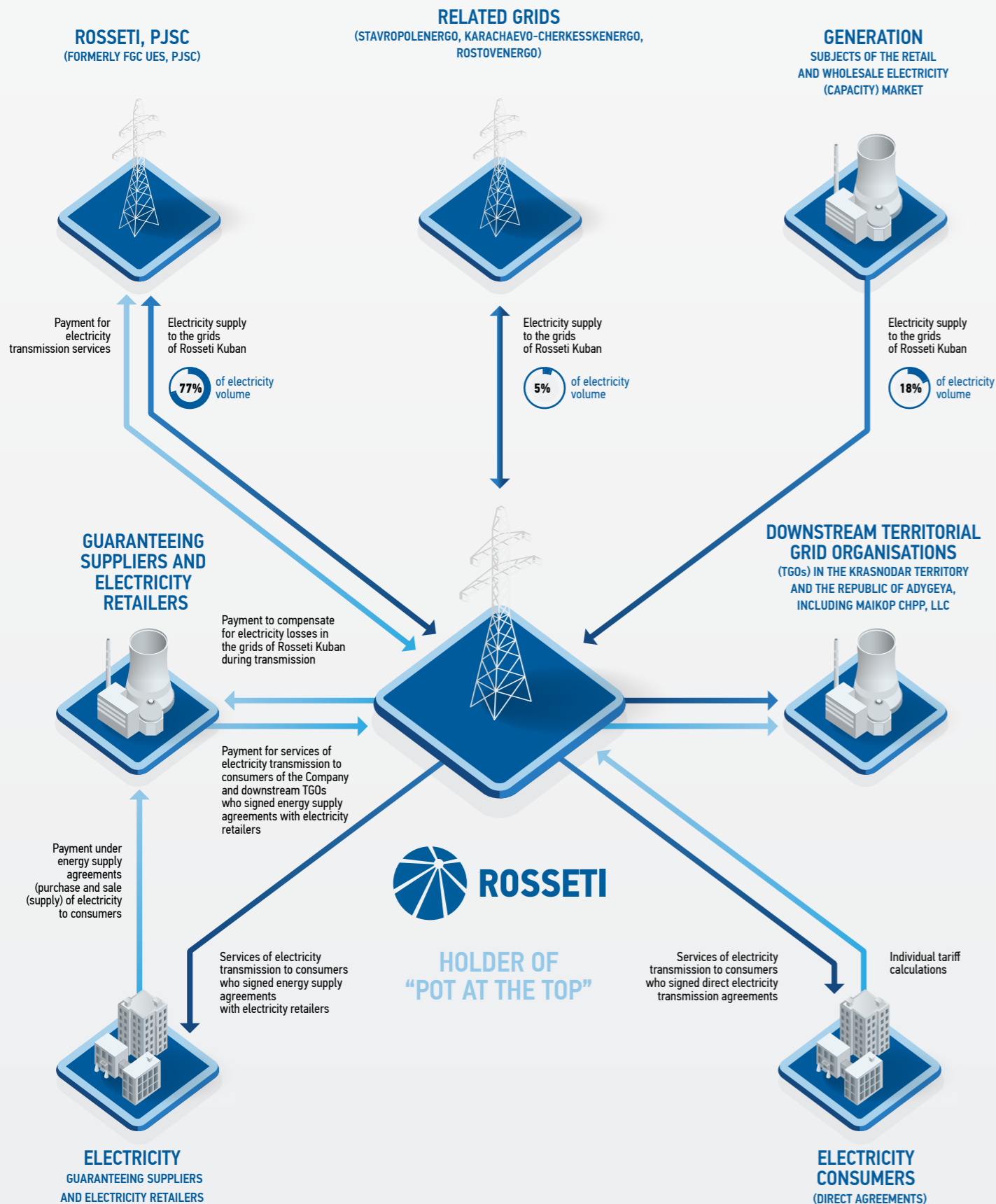
OTHER TYPES OF ACTIVITIES

- ▶ Government
- ▶ Electricity retailers (guaranteeing suppliers)
- ▶ Direct consumers
- ▶ Territorial grid organisations
- ▶ Electricity flows
- ▶ Grid connection

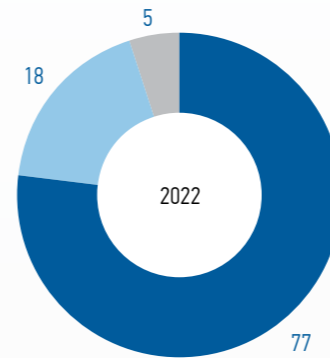


## SCHEME OF THE COMPANY'S ELECTRICITY TRANSMISSION OPERATING FLOWS

— Electricity flows  
— Financial flows



## ELECTRICITY SUPPLY TO THE COMPANY'S GRIDS IN THE REPORTING YEAR (%)



- on the UNPG grids from Rosseti, PJSC (formerly, FGC UES)
- directly from the generation facilities
- from related grids (Stavropolenergo branch of Rosseti Northern Caucasus, PJSC; Karachaevo-Cherkesskenergo, JSC; Rostovenergo, a branch of Rosseti South, PJSC)

Consumers of Rosseti Kuban's electricity transmission services are:

- guaranteeing suppliers (in the reporting year, NESK, JSC and TNS Energo Kuban, PJSC) – wholesale and retail market entities engaged in energy sales activities and obliged to conclude an agreement with any consumer who applies to it and located within the boundaries of its area of operations
- other companies involved in energy supply activities (62 in the reporting year)
- consumers (95 in the reporting year) that signed direct agreements to purchase electricity with Rosseti Kuban (Novoroscement, JSC, Tamanneftegaz, CJSC, Eurochem-Belorechenskie Minudobrenia, LLC, Ptitsefabrika Primorskaya, LLC, Agrofirma-Plemzavod Pobeda, OJSC, FSBI Kubanmeliovodkhoz Administration, Sad-Gigant, OJSC, Verkhnebakansky Cement Plant, OJSC, Abrau-Durso, CJSC, Novoroslesexport, JSC, RAMO-M, JSC, NMTP, PJSC, Kanevskoy Gas Equipment Plant, LLC, IPP, OJSC, etc.)

The Company receives payment for its electricity transmission services from electricity retailers and from direct consumers, respectively.

To compensate for electricity losses occurred during transmission in the Company's grids, Rosseti Kuban buys the corresponding amount

of electricity from guaranteeing suppliers such as TNS Energo Kuban, PJSC and NESK, JSC, as well as from VIE, LLC and LUKOIL-Kubanenergo, LLC.

Since 2007, the region has had a common-pot tariff for electricity transmission services in place which applies to all consumers of electricity transmission services in Kuban and Adygeya, regardless of which grid organisation they are connected to.

The main settlement model is the "Pot at the top": Rosseti Kuban is assigned the status of the backbone grid organisation – the "pot holder". According to this model, Rosseti Kuban receives consumers' payments for electricity transmission services (regardless of which grid organisation they are connected to), then the

Company settles accounts at individual tariffs with downstream grid organisations the grids consumer terminals are connected to.

The largest companies engaged in similar activities in the regional electricity transmission market include NESK Electroseti, JSC, Oboronenergo, JSC, RZD, OJSC, and Neftegaztekhologia-Energia, JSC.

We have reason to assume that the Company will continue to hold a dominating position in the local electricity transmission market due to the high rates of renovation and renewal of its power grid infrastructure as well as the continually increasing number of grid connections.



## ORGANISATIONAL STRUCTURE

No changes were made to the organisational structure of Rosseti Kuban, PJSC in 2022. As of 31 December 2022, Rosseti Kuban has the organisational structure in place that was approved by the Board of Directors of the Company on 30 November 2021 (Minutes No. 455/2021 dated 1 December 2021).



# KEY PERFORMANCE INDICATORS

Indicator	2018	2019	2020	2021	2022	$\Delta$ 2022/2021 (%)
<b>FINANCIAL INDICATORS<sup>1</sup></b>						
Revenue (RUB mn)	46,401.1	51,003.7	49,369.6	57,669.7	63,738.9	+10.5
including:						
→ payment for electricity transmission services (RUB mn)	45,583.5	46,515.7	48,101.9	54,526.3	61,452.9	+12.7
→ revenue from grid connection services (RUB mn)	602.5	4,206.2	731.3	2,347.7	1,282.1	-45.4
→ from services for other activities (RUB mn)	215.1	281.8	536.4	795.8	1,003.9	+26.2
Self-cost <sup>2</sup> (RUB mn)	41,616.9	43,936.1	46,975.3	50,054.5	53,153.7	+6.2
Net profit (loss) (RUB mn)	151.2	2,503.7	-1,501.3	1,711.8	5,244.5	+206.4
Return on equity (%)	0.43	6.72	-3.86	4.36	12.20	+7.84 p.p.
Return on assets (%)	1.73	4.63	-1.80	2.10	5.78	+3.68 p.p.
Cash at the end of the year (RUB mn)	2,194.5	1,699.6	718.0	1,964.7	4,118.2	+109.6
Long-term loans and borrowings at the end of the year (RUB mn)	13,283.2	19,432.9	17,882.9	16,036.3	16,931.5	+5.6
Short-term loans and borrowings at the end of the year (RUB mn)	11,395.3	3,652.6	5,553.9	4,834.2	3,990.3	-17.5
Dividends declared in the reporting year (RUB mn)	321.6	143.6	636.9	0	2,875.8	+ RUB 2,875.8 mn
Assimilation of capital investments (RUB mn)	7,727	6,769	4,658	5,871	11,469	+95

Indicator	2018	2019	2020	2021	2022	$\Delta$ 2022/2021 (%)
<b>OPERATING INDICATORS</b>						
Electricity delivered to the grid of the Company (mn kWh)	23,032.5	22,850.7	23,008.0	25,221.7	26,062.3	+3.3
Electricity transmission services provided (mn kWh)	18,766.5	18,874.2	19,108.1	21,004.5	21,947.8	+4.5
Electricity losses (mn kWh)	2,590.1	2,426.4	2,310.8	2,502.1	2,479.5	-0.9
Connected consumer capacity (MWh)	723	797	650	788	795	+0.9
Total length of overhead and cable power lines (by circuit) (km)	91,000.94	91,645.93	92,226.11	93,067.0	93,597.1	+0.6
Installed capacity of 35–220 kV substations (MVA)	9,937.1	10,514.97	11,471.07	11,561.03	11,826.4	+2.3
Installed capacity of substations in the 10–6/0.4 kV distribution grid (MVA)	4,896.04	4,981.68	5,073.26	5,640.37	5,978.038	+6.0
System average interruption duration index, per point of delivery ( $I_{SAIDI}$ ) (h)	1.1138	1.0887	0.8870	4.0939	2.8424	-30.6
System average interruption frequency index, per point of delivery ( $I_{SAIFI}$ )	0.5012	0.4675	0.4592	1.2873	1.2195	-5.3
<b>ACTUAL AVERAGE HEADCOUNT (PEOPLE)</b>	<b>8,611</b>	<b>8,644</b>	<b>8,959</b>	<b>8,876</b>	<b>8,767</b>	<b>-1.2</b>
<b>STAFF BREAKDOWN BY EDUCATION LEVEL</b>						
Higher education (%)	48.4	48.7	49.4	51.5	52.7	+1.2 p.p.
primary / secondary vocational education (%)	36.5	36.1	36.9	34.5	35.7	+1.2 p.p.
basic / secondary general education (%)	15.1	15.2	13.7	14.0	11.6	-2.4 p.p.

<sup>1</sup> The following data were used to calculate the indicators:

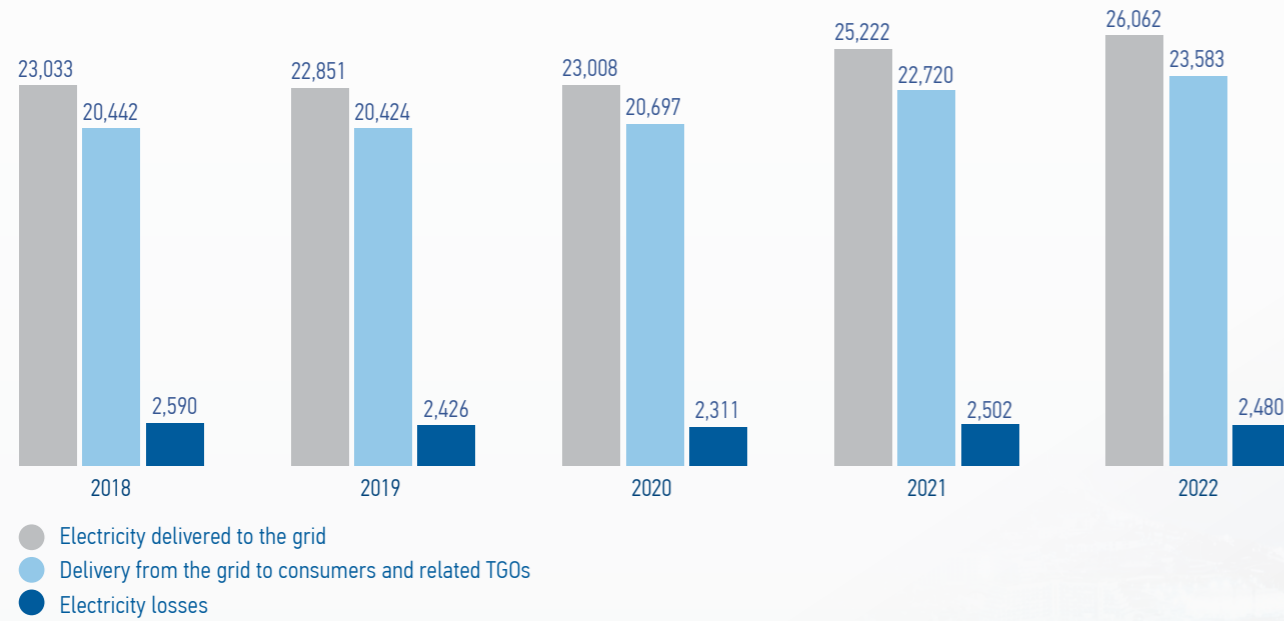
- for 2019 — Balance Sheet for 2020 ("As at 31 December 2019" column), Profit and Loss Statement for January – December 2020 ("In 2019" column)  
- for 2020 — Balance Sheet for 2021 ("As at 31 December 2020" column), Profit and Loss Statement for January – December 2021 ("In 2020" column)  
- for 2021 — Balance Sheet for 2022 ("As at 31 December 2021" column), Profit and Loss Statement for January – December 2021 ("In 2021" column)  
- for 2022 — Balance Sheet for 2022 ("As at 31 December 2022" column), Profit and Loss Statement for January – December 2022 ("In 2022" column).

<sup>2</sup> Including administrative costs.



## KEY PERFORMANCE INDICATORS

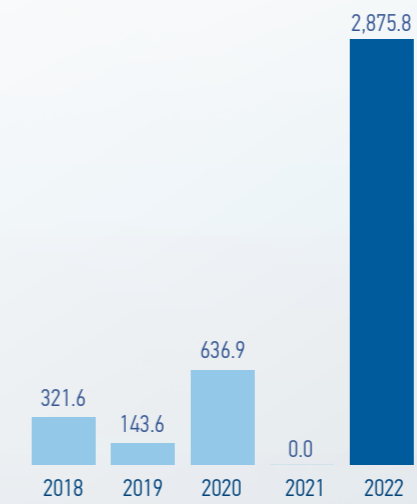
**ELECTRICITY DELIVERED TO / FROM ROSSETI KUBAN'S GRID AND ELECTRICITY TRANSMISSION LOSSES (MN KWH)**



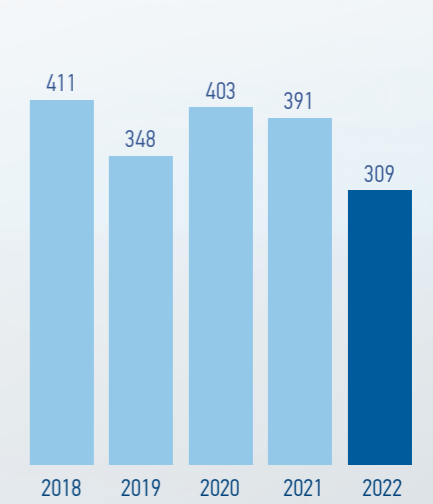
**CAPITAL INVESTMENTS ASSIMILATED BY THE COMPANY IN 2018–2022 (RUB MN, EXCL. VAT)**



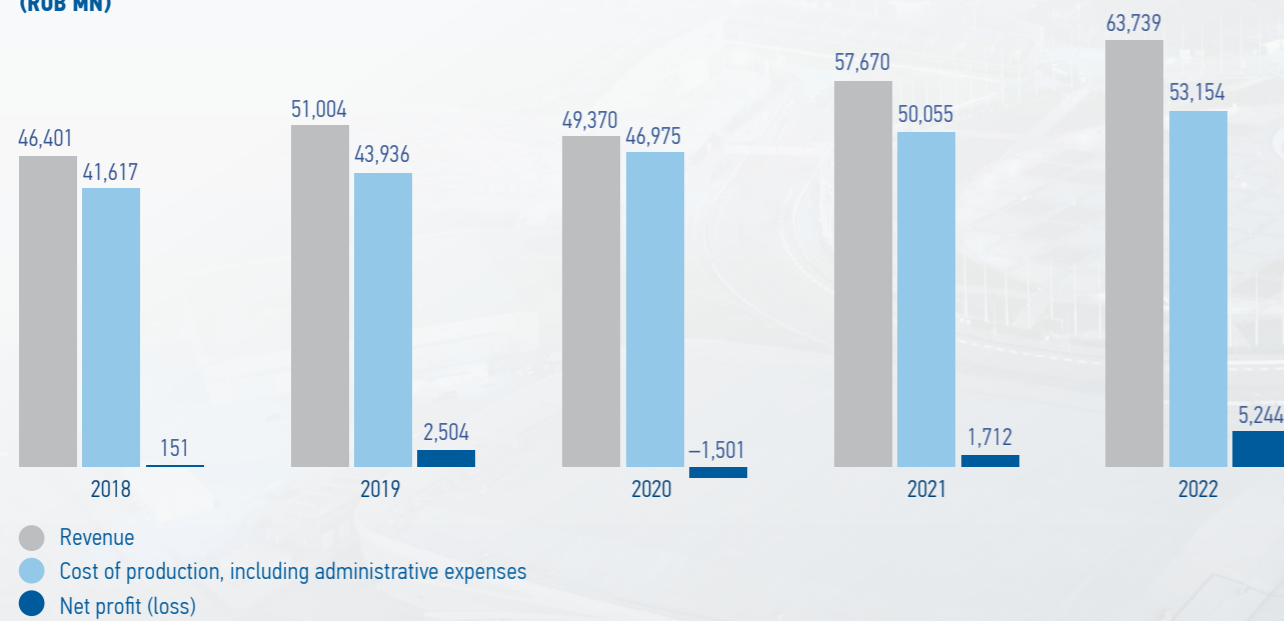
**DIVIDENDS DECLARED IN 2018–2022<sup>1</sup> (RUB MN)**



**NUMBER OF DISTURBANCES (EMERGENCIES) IN THE 110 KV AND ABOVE POWER GRID**



**CHANGES IN ROSSETI KUBAN'S KEY ECONOMIC INDICATORS (RUB MN)**



<sup>1</sup> In 2022, the Company declared two dividend payments: for 2021 – RUB 923.22 million, interim dividends for 9M 2022 and for 2022 – RUB 1,943.54 million, for a total of RUB 2,875.76 million.



# HISTORY OF ORIGIN AND DEVELOPMENT OF THE KUBAN ENERGY SYSTEM AND ROSSETI KUBAN, PJSC

## XIXth century

Start of the Kuban energy system – construction of small power plants in the region

## 1920

Establishment of Soviet rule in Kuban, nationalisation of all industrial enterprises

## 1921

Establishment of the Electricity Department under the Kuban Black Sea National Economic Council to manage power facilities in Kuban

In total, there were 353 electric power plants operating in Kuban, with a total capacity of 13.7 MW; 16,200 of electric lamps and 621 electric motors were connected to the grid

Establishment of the Vodeltram association, comprising the city and municipal and public water supply services, transport (tram) services and electricity supply services in Krasnodar. The length of power transmission lines was 45 km, and power grids were rated at 2 kV

## 1930s

Establishment of the Northern Caucasus Energy Authority – Sevkavenergo, which managed power facilities in Kuban

Division of Sevkavenergo into two independent departments in 1934 – Azcherenergo (Rostov-on-Don) and Sevkavenergo (Pyatigorsk)

## 1944

Spin-off of the Krasnodar District Energy Authority (Krasnodarenergo) from Azcherenergo, with its core activities being the generation, distribution and sale of electricity and heat, restoration and development of the energy system, control of energy consumption and operational supervision of Kuban power installations. Krasnodarenergo managed power stations, substations, power grid regions (PGR), electricity retailing services, a mechanical repair plant, a central warehouse, a design and survey bureau, a production and research laboratory as independent self-supporting enterprises

## Late 1950s – early 1960s

Construction of 110 and 220 kV main power transmission lines for connection with energy systems in Russian South and Transcaucasia; electrification of the railway system in the Krasnodar Territory, construction of power distribution facilities, electrification of rural settlements

## 1963

Kuban urban and rural power grid organisations were transferred from the Regional Department for Public Utilities to Krasnodarenergo

## 1972–1975

Installation of two first gas turbine plants (GTP) in the USSR, each of 100 MW capacity, at the Krasnodarskaya CHPP. The total capacity of the CHPP, the block unit and the two GTPs was 959 MW

## 1970s — 1980s

Significant increase in the construction of new power transmission lines due to explosive growth in electricity consumption. Total PTL length grew to 90,000 km, and the 35–500 kV substations exceeded 700 in number

## 1988

Krasnodarenergo was wound up and transformed into the Krasnodar Production Association of Power Supply and Electrification (still named Krasnodarenergo)

## 1993

Krasnodarenergo was privatised and reorganised into Kubanenergo, OJSC. Apart from local power grid operators, Kubanenergo included the Krasnodarskaya CHPP, Energonadzor, repair and construction enterprises, a training school, a corporate spa resort, and a summer pioneer camp

RAO UES of Russia, OJSC vested 49% of Kubanenergo's shares as a payment for authorised capital, and remaining 51% were acquired by employees and other parties entitled to benefits according to State Privatisation Programme

## 2004–2005

During the reformation stage of Russia's electric power industry, Kubanenergo, OJSC was released from service and non-core activities and dispatching functions by splitting them off into separate companies. Thus, the operational dispatch management

was transferred to SO UES, OJSC; Open Joint Stock Companies Krasnodarenergomont and Krasnodarenergosetremont, Energetik Health Resort, Plamya Health Facility were established, and non-state non-profit educational institution Kubanenergo Training Centre was set up

## 2006

The reforms taking place in the electric power industry resulted into Kubanenergo splitting into Kuban Generating Company, OJSC (generating capacities), Kuban Main Grids, OJSC (grid facilities), Kubanenergosbyt, OJSC (guaranteeing electricity supplier, purchase of electricity in the wholesale market to deliver it to the end users)

## 2008–2012

Since 1 July 2008, Kubanenergo, OJSC became a dependent company in IDGC Holding, OJSC, which received a block of voting shares in Kubanenergo, OJSC by way of succession under the spin-off balance sheet after the restructuring of RAO UES of Russia, OJSC. In 2012, IDGC Holding, OJSC acquired a block of additional shares in Kubanenergo, OJSC, and the Company became a subsidiary to IDGC Holding

The Company's primary function in IDGC Holding lied in partaking in how the national distribution grid complex evolves

## 2013

Using Rosseti, OJSC as a base, a single power grid management company was established (which included main power transmission and distribution lines), aimed to coordinate all grid operators in Russia in terms of tariffs, technical policy and investment planning, to ensure transparency of financial and business operations, and to engage in anti-corruption policy

Rosseti's share in the authorised capital of Kubanenergo, OJSC rose to 92.24%

## 2015

Kubanenergo brand name included an indication of the Company's public status – Kubanenergo, PJSC

## 2017

The Company became a key participant of a national-level project involving development of advanced energy infrastructure on the Taman Peninsula to ensure the region's growth and enable electricity delivery to the dry-cargo area of the seaport of Taman

## 2018

The share of Rosseti, PJSC in the authorised capital of Kubanenergo, PJSC rose to 92.78%

## 2019

Commissioning of the 220 kV Port substation. Rosseti's share in the authorised capital of Kubanenergo, PJSC rose to 93.44%

## 2020

While following the trend of transitioning to a single brand architecture of Rosseti Group in the Krasnodar Territory and the Republic of Adygeya, Kubanenergo, PJSC was officially renamed into Rosseti Kuban, PJSC

# 2022

By the end of the reporting year, Rosseti's share in the total number of outstanding shares of the Company was 93.96%, and as of 9 January 2023 it was 99.69%.



# KEY EVENTS OF THE COMPANY

August - December →  
2023 →

## 2022

### JANUARY

On 25 January, Rosseti Kuban's power engineer teams fully restored power supply to the Krasnodar Territory and the Republic of Adygeya in the 6-10 kV distribution grid, which was disrupted by a prolonged snowfall. The natural disaster had the greatest impact on Kuban's foothill and central areas, particularly several settlements in the Seversky, Abinsky, and Krymsky districts. Despite persistent storms, the work was done around the clock.

### FEBRUARY

The Government House of the Republic of Adygeya hosted a working meeting between Murat Kumpilov, Head of the Republic, and Boris Ebzeev, Acting General Director of the Company, where they discussed plans to modernise the energy infrastructure in the region. In 2022-2023, the Company is going to channel more than RUB 3.8 billion of investments to expand the power grid complex in the Republic of Adygeya under a cooperation agreement between the Adygeya Cabinet of Ministers, Rosseti Group and the Company signed in 2020.

### MARCH

Since the beginning of 2022, specialists of the Sochi branch of Rosseti Kuban have recovered by action about RUB 1.2 million in damages from unauthorised electricity consumption.

### APRIL

During his working visit in the Kuban capital, Andrey Alekseenko, Head of Krasnodar, assessed the renovation progress of the 110/10 kV Pochtovaya substation. The substation is an important feeding centre for 70,000 people and more than 70 socially important facilities, including city pumping stations, boiler houses and a number of large shopping centres. In addition to increasing the reliability of the power supply to the Kuban capital, the reconstruction has made it possible to create a capacity reserve for connecting additional consumers.

Since the beginning of the year, power engineers of the Company's Adygeya Power Grids branch have provided electricity to eight healthcare, education, sports and cultural institutions located in the districts of the Krasnodar Territory and the Republic of Adygeya. The total capacity of socially important facilities connected to the Company's power grids was more than 930 kW.

Since the beginning of 2022, employees of the Armavir Power Grids branch have connected 220 new consumers with a total capacity of more than 5.5 MW to the power grids. These include industrial, agro-industrial and sports facilities.

Tikhoretskiye Power Grids completed routine repairs at seven high-voltage substations. The power centres provide electric service to more than 50,000 residents in the Tikhoretsky, Pavlovsky and Novopokrovsky districts of the Territory, as well as to industrial enterprises and social institutions.

The Company's power engineers used backup plans to restore the power supply to customers in the Krasnodar Territory and Adygeya after it had been interrupted by heavy weather. Hurricane-force winds, with gusts up to 30 m/s, hit some areas of Kuban and Adygeya, disrupting the power supply.

### MAY

Rosseti Kuban prepared the power equipment in the Krasnodar Territory and the Republic of Adygeya for the summer peak load during the 2022 holiday season. The Company repaired and maintained 2,800 km of power transmission lines of various voltage classes and over 800 transformer substations located in the Krasnodar Territory and the Republic of Adygeya.

### JUNE

At the St. Petersburg International Economic Forum, by Boris Ebzeev, Acting General Director of Rosseti Kuban and Andrey Furashov, Chairman of the Management Board of EKRA Group signed a strategic cooperation agreement.

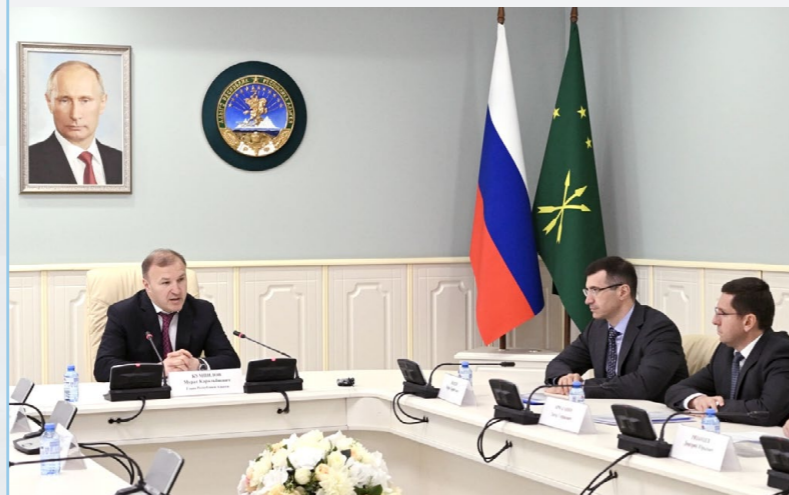
Rosseti Kuban's personnel attended the XXV All-Russian Scientific and Technical Conference, which focused on enhancing the reliability, effectiveness, and security of energy production. The management, technical specialists and service sales personnel of Rosseti Kuban, as well as leading domestic manufacturers of energy equipment participated in the discussions. The event was held in the village of Divnomorskoye in the resort town of Gelendzhik on the premises of Energetik Health Resort, JSC.

Power engineers of the Timashevsk Power Grids branch connected Abrau-Durso on Plavnyakh eco-hotel in Sadki farmstead in the Primorsko-Akhtarskiy district, the Krasnodar Territory. The total capacity delivered was 170 MW.

### JULY

Since the beginning of the year, power engineers of the Timashevsk Power Grids branch of Rosseti Kuban have overhauled more than 75 km of high-voltage power transmission lines, which provide electric service to five municipalities in the Krasnodar Territory with a total population of over 300,000 people.

The summer labour season of the Company's student energy teams officially began on 1 July 2022 in Krasnodar.





## KEY EVENTS OF THE COMPANY

### 2022

#### AUGUST

The Krasnodar Power Grid branch completed a comprehensive repair of one of the key power centres in Krasnodar – the KhBK 110 kV substation. The power facility covers electricity supply to about 80 socially important facilities and more than 65,000 people.

Since the beginning of 2022, specialists from Slavyansk Power Grids have connected over 2,900 household consumers and socially important facilities in the Krasnoarmeisky, Slavyansky and Temryuksky districts of the Krasnodar Territory to the Company's power grid infrastructure. The total maximum capacity of the Company's new consumers exceeded 53 MW.

#### SEPTEMBER

Tikhoretsk Power Grids completed overhauls and maintenance at 43 substations located within their remit. These power centres provide electric service to industrial enterprises, social institutions and contribute largely to the economy of five districts in the Krasnodar Territory.

Based on the outcomes of the regional rounds of the Open Corporate Championship of Professional Skills of Rosseti Group – Young Professionals, using the WorldSkills methodology, the team representing Rosseti Kuban was declared the overall winner in the Smart Metering competency.



#### NOVEMBER

The Company provided a reliable power supply for the Young Scientists' Congress events. Nine diesel generator sets with a total capacity of 4.14 MW and seven uninterruptible power supplies with a total capacity of 994 kVA are used to back up the power supply to the central Congress venue in the Sirius Science and Arts Park.

Rosseti Kuban is upgrading the grid infrastructure in Yuzhny, a Krasnodar suburb, where active house development has resulted in an increase in energy demand. The Company built new power transmission lines and transformer substations and renovated existing ones.

The Company confirmed its winter readiness and received a certificate of readiness for the 2022/2023 autumn-winter period. The decision on the readiness of electric power industry entities is formalised by a corresponding order of the Ministry of Energy of the Russian Federation. All necessary preparations have been made, and in some cases, they have gone above and beyond what was required, for reliable operation during the heating season. For the repair campaign in 2022, Rosseti Kuban, PJSC allotted RUB 3.3 billion.

The Company won the 1C:Project of the Year competition with the project to provide an automated system for electricity transport metering services.

#### DECEMBER

Murat Kumpilov, the Head of the Republic of Adygeya, chaired a working session in Maikop with the Rosseti Kuban management to discuss the expansion of the power grid complex and the implementation of measures for grid connection within the scope of regional significant investment projects.

The Head of Krasnodar, Evgeny Naumov, visited the 35 kV Khutor Lenina substation to assess the progress of its renovation sponsored by Rosseti Kuban's investment programme. In 2022, the Company spent about RUB 60 million to upgrade this energy facility.

### 2023

#### JANUARY

The Company delegated a group of its representative to join a meeting chaired by the Vice-Governor of the Krasnodar Territory on the issue of grid connection of land plots allocated to multi-child families for individual housing development. During the meeting, the Ministry of Fuel & Energy and Utilities, the administrations of the local municipal entities, and the major power grid companies all came to agreements regarding collaborative efforts.

In 2022, Rosseti Kuban installed over 43,000 new universal electricity meters for consumers in the Krasnodar Territory and the Republic of Adygeya. Within the bounds of existing law, the Company installed smart metres with remote data transmission action for its customers.

The management of Rosseti Kuban and the chairman of the Regional Public Organisation All-Russian Electrounion in Krasnodar signed the new Collective Bargaining Agreement, which lays out the fundamentals of social partnership and governs the process for awarding benefits and compensation to company employees.

#### FEBRUARY

In the Lazarevsky, Adler, and Central Districts of Sochi as well as the piedmont settlements of the Tuapse District, Krasnodar Territory, which got hit by a heavy snowfall on the night of 15 February, Rosseti Kuban specialists restored power supply.

Company specialists completed upgrading the 110/10 kV Pochtovaya substation in Krasnodar. The capacity of the power centre was raised to 80 MVA as a result of the renovation. More than RUB 560 million was invested by the Company in upgrading this energy facility.

#### MARCH

The Company launched a new educational project, Pre-University, which aims to provide occupational guidance to schoolchildren who want to connect their future with the electric power industry. High school students from the Republic of Adygeya and the Krasnodar Territory were the project's first participants. They will receive training in career-related areas at Kuban State Agrarian University.







# Strategic Report

The Company works to accomplish the objectives established at the state level as a member of the unified Russian electric power distribution grid complex and Rosseti Group

**21%**

year-on-year decrease in the number of accidents on the Company's 110 kV and above power grid

**16,141** RUB mn

EBITDA in 2022  
(+82% against 2021)



# MARKET (INDUSTRY) OVERVIEW

The global economy started to slow down in 2022 after seeing significant recovery growth in 2021. Spiralling prices for food and energy are a major factor in the global economic slowdown and the tightening of financial conditions in global markets, which led many developed nations to draw back fiscal stimulus programmes and adopt stricter monetary policy.

Financial, energy, technological and transport-logistics sanctions were all imposed against

Russia in 2022. Limited prospects in the manufacture and sale of goods are a natural consequence of sanctions on exports, imports, banking activities, and the termination of collaboration with Western counterparties. In turn, this results, either directly or indirectly, in lower quality or higher prices for goods and services due to longer or slower delivery periods, changes in package contents, etc.

According to the IMF, the global GDP exceeded USD 100 trillion in 2022, with Russia's GDP coming in ninth with USD 2.1 trillion.

The Company operates in the Russian electric power industry, which is the most important basic sector for generating, transmitting, distributing and selling electricity to consumers.

## THE FOLLOWING SIGNIFICANT FACTORS GOVERN THE OVERALL HEALTH OF THE RUSSIAN ECONOMY AND HAVE AN IMPACT ON THE ELECTRICAL SECTOR<sup>1</sup>



**CHANGES IN GDP**

GDP volume index in 2022 versus 2021 was 97.9% (in 2021 versus 2020 – 104.7%)



**INFLATION**

Inflation in 2022 was 13.8% (in 2021 – 6.7%)



**INTEREST RATES FOR LOANS AND BORROWINGS**

The Bank of Russia changed its key rate multiple times throughout 2022.

- from the beginning of the year to 13 February – 8.5%
- from 14 February to 27 February – 9.5%
- from 28 February to 10 April – 20.0%
- from 11 April to 3 May – 17.0%
- from 4 May to 26 May – 14.0%
- from 27 May to 13 June – 11.0%
- from 14 June to 24 July – 9.5%
- from 25 July to 18 September – 8.0%
- from 19 September to the end of 2022 – 7.5%

### According to the Russian Federation's Energy Strategy, which was approved by Decree of the Russian Federation's Government No. 1523-R dated 9 June 2020, here is a general assessment of the state of and trends in the Russian energy sector

The Russian Federation is among the world leaders in hydrocarbon reserves, production output and exports of energy resources, as well as in the development, use and export of nuclear energy technologies.

The Russian Federation has one of the cleanest (low-carbon) fuel-energy balances among the greatest economies in the world, with natural gas accounting for approximately half of electricity generation and nuclear power, hydropower, and other renewable energy sources – for more than a third.

The Unified Energy System of Russia (UES), the Unified Gas Supply System, and the system of main oil transportation pipelines make up Russia's energy infrastructure, which is one of the longest in the world and operates in a variety of natural and climatic conditions, from the Arctic to the subtropical zone.

Russia, based on its national interests and resource and intellectual potential, taking into account the need to achieve the sustainable development goals endorsed by the UN General Assembly, makes a significant contribution to the global energy security.

The energy system of the Russian Federation consists of the UES of Russia, which includes

seven integrated energy systems (IES), i.e., the IES of Centre, Middle Volga, Urals, North-West, South and Siberia and territorially isolated energy systems (Chukotka Autonomous District, Kamchatka Territory, Sakhalin and Magadan Regions, Norilsk-Taimyr and Nikolayev energy districts, the energy systems of the northern part of the Republic of Sakha (Yakutia)).

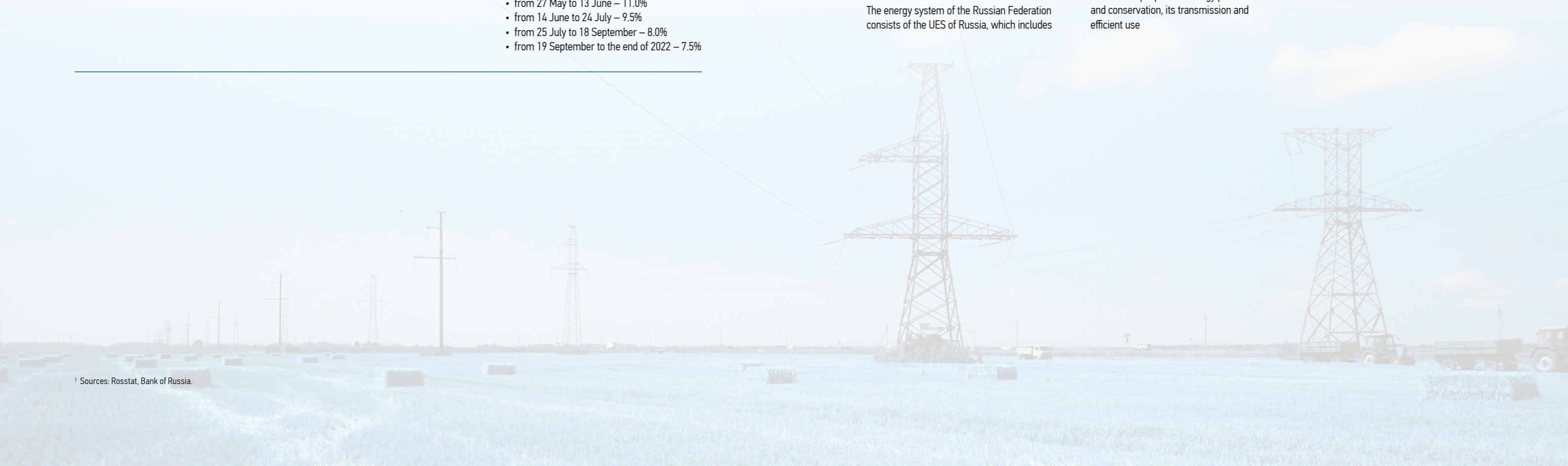
The Russian electric power sector faces the same challenges as the global electric power sector, but distinct hazards, as indicated by the following concerns shared by the fuel and energy complex (FEC):

- Slowdown in global economic growth, a change in consumption patterns and slumping demand for FEC products, overproduction of hydrocarbon energy resources and, as a consequence, persistently low prices for them
- Lack of investment resources, including due to the limited possibility of raising long-term foreign funding and the poor development of venture capital lending
- Maintenance of non-market relations, alongside market relations, and burdens in the end-use of FEC products and services, including the existence of cross-subsidisation
- Great challenges to scientific and technological development set out in the Strategy for Scientific and Technological Development, in particular the qualitative change in the nature of global and local energy systems, the growing importance of the power supply capacity of the economy and the ramp-up in the energy production and conservation, its transmission and efficient use

In addition to the problems common to the fuel & energy complex, there are industry-specific problems and risk factors related to the electric power industry:

- Disproportion between the claimed electricity consumption characteristics at the time the grid connection is made and their subsequent actual values
- Low payment discipline of consumers in the retail electricity market
- Imperfections in the current model of relations and pricing in the energy and heat supply sector and competitive problem in the electricity and capacity markets
- Persistence of cross-subsidisation that reduces the efficiency of the centralised energy supply system
- Insufficient automation of technological processes and increased vulnerability of facilities due to the increasing complexity of their control systems and algorithms




<sup>1</sup> Sources: Rosstat, Bank of Russia.








**SPECIFIC FACTORS DETERMINING INDUSTRY GROWTH DYNAMICS, IN DESCENDING ORDER OF IMPORTANCE**




**STATE TARIFF REGULATION**

-  Electricity transmission and grid connection services are state-regulated activities. Tariffs for the Company's services approved by regulators directly affect the amount of revenues received
-  Tariffs for the Company's electricity transmission services are set with an increase within the growth rate specified by the Russian Federation's socioeconomic development forecast
- 
  - Economic justification of tariff-covered costs, including economically justified over-tariff costs and shortfalls of previous periods lost due to reasons beyond the Company's control
  - Systematic cost-cutting measures
  - Industry improvement pricing measures, jointly with Rosseti, PJSC




**WECM PRICE DYNAMICS**




-  Changes in electricity prices in the wholesale electricity and capacity market (WECM) have a direct impact on the size of compensation for electricity losses in power grids and, accordingly, on all activities of the Company
-  In 2022, the WECM's unregulated flat-rate electricity price climbed by around 4.6% compared to 2021, which is notably less than the inflation rate and 0.3 percentage points less than the year before
-  Measures to reduce power losses in power grids

**POWER CONSUMPTION DYNAMICS**

-  Change in energy consumption volumes has direct impact on the industry
- 
  - Actual electricity consumption in the UES of Russia in 2022 was 1,106.3 billion kWh, up 1.5% year-on-year<sup>1</sup>
  - Actual electricity consumption in the IES of South in 2022 was 111.0 billion kWh, up 2.8% year-on-year<sup>2</sup>
-  Measures to develop new (non-tariff) business types and increase non-tariff sources of income

**CURRENT STATE OF THE INDUSTRY**

-  All aspects of the Company's operations are directly impacted by the state of the industry.
- 
  - High wear and tear of main generating and grid equipment
  - Cutback of industry-specific investment programmes
  - Default in payment
- 
  - Measures for retrofitting, upgrade and renovation of existing power grid facilities
  - Introduction of the up-to-date Company's management tools, automation of key functions to improve management decision-making

 Description     Current state     Mitigation measures (if possible)

According to the forecast for socio-economic development of the Russian Federation for 2023 and for the 2024 and 2025 planning period<sup>3</sup> in the medium term:

- World prices will keep declining, as a result of the slowdown in global economic growth
- Drop in the physical volume of Russian exports will slow down in 2023 and begin to recover from 2024
- Pressure on the Rouble is anticipated to lessen because of scarcer foreign currency inflows and a shift in capital flows to neutral nations

- Inflation in 2023 is expected to be 6%, in 2024 – 4.7% and in 2025 – 4.0%
- In 2023, GDP is projected to decrease by 0.8% on the back of the global economic slowdown, export sanctions against Russia, supply-side constraints brought on by import sanctions, and disruptions to the supply and logistics chains; in 2024 and 2025, GDP growth of 2.6% per annum is anticipated in the event that economic policies to adapt the economy to the new conditions are implemented effectively

- As major central banks tighten monetary policy, which will force prices on global commodities markets to fall more precipitously, the likelihood of a recession in developed countries is rising
- There is still a possibility of heavier sanctions
- The increase of regulated tariffs in the Russian Federation from 1 December 2022 is set at an average rate of 9%, from 1 July 2024 – 6%, and from 1 July 2025 – 5%. This is done to compensate electric grid businesses for inflationary development of costs



<sup>1</sup> Source: Functional report of the UES of Russia in 2022.

<sup>2</sup> Ibid.

<sup>3</sup> Source: Ministry of Economic Development of the Russian Federation.

# DEVELOPMENT STRATEGY

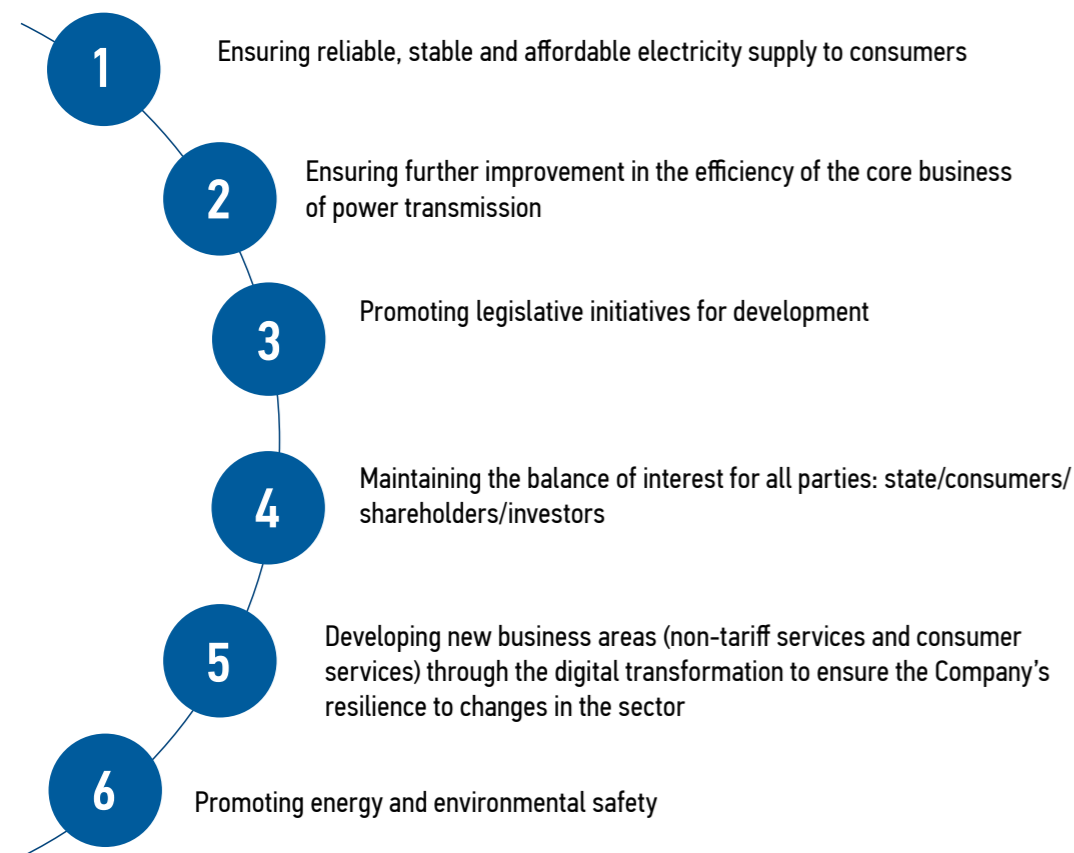
As a part of unified power distribution grid complex of Russia and Rosseti Group, the Company works to achieve the state-defined objectives to implement the Development Strategy of Public Joint Stock Company Rosseti and its subsidiaries and affiliates (S&A) (Rosseti Group) until 2030 (hereafter referred to as the Strategy) approved by the Board of Directors of Rosseti, PJSC (Minutes No. 388 dated 26 December 2019).

The switch to a business model of contemporary innovation infrastructure represents the most significant change in the way the Rosseti Group operates. Promoting the further enhancement of efficiency of

current activities to develop the sector and ensuring reliability, quality and accessibility of infrastructure in the new digital environment are among the main strategic priorities. Strong focus is made on balancing the interests of

all parties, including the state, customers, shareholders and investors, as well as on developing new business lines.

## STRATEGIC DEVELOPMENT PRIORITIES FOR THE COMPANIES WITHIN ROSSETI GROUP DEFINED BY ROSSETI, PJSC



### Ways to achieve the Group's strategic priorities:

- Technological and innovative development
- Provision of information and technological security
- Digital transformation
- Promotion of legislative initiatives to improve industry-wise pricing
- Enhancement of operational and investment performance
- Business diversification

## ACHIEVEMENT OF THE COMPANY'S STRATEGIC GOALS ALIGNED WITH THOSE OF ROSSETI GROUP AND APPROVED BY THE COMPANY'S MANAGEMENT BOARD IN THE REPORTING YEAR

Strategic Goals	Results in the reporting year
More reliable electricity supply in the Krasnodar Territory and the Republic of Adygeya	<p>Annually, the Company carries out comprehensive measures on retrofitting, upgrade and renovation of existing power grid facilities to achieve the following key objectives</p> <ul style="list-style-type: none"> <li>• Increasing reliability of power supply to consumers</li> <li>• Providing a safe working environment for the personnel</li> <li>• Constraining the equipment physical deterioration growth rate</li> <li>• Reducing the share of equipment that reached their rated service life</li> <li>• Improving the equipment performance</li> <li>• Ensuring compliance with environmental protection and ecological safety requirements and regulations</li> <li>• Cutting down operating costs in the longer term</li> <li>• Supporting the production activities during the operation of power grid facilities, in particular those related to preventing and removing emergencies</li> </ul> <p><a href="#">For more details, see Reliable and Efficient Operation of the Energy System section.</a></p> <p>The Company's reliability indicators (<math>I_{SAID}</math>, <math>I_{SAIF}</math>) decreased from the prior year and did not exceed the planned values of the Regional Energy Commission (REC) for the reporting year, taking into account the allowed deviation. The number of accidents in the 110 kV and above grid dropped by 21% as compared to the previous year</p>
Better customer service quality and more accessible power grid infrastructure	<p>The grid connection quality indicator (IGC) is 1.126; it is within the planned value established by the REC — the Price and Tariff Department of the Krasnodar Territory for the reporting year, taking into account the allowed deviation</p>
Advance grid development and adoption of new technologies	<p>During the reporting year, innovative technologies were introduced in the following key areas of the innovation development programme:</p> <ul style="list-style-type: none"> <li>• Transition to smart 35–110 (220) kV substations</li> <li>• Shift to smart grids with distributed automation and control system</li> <li>• Transition to integrated business process efficiency and automation of control systems</li> <li>• Application of advanced technology solutions and materials in power engineering</li> <li>• Promotion of an innovative development management system and shaping of an innovative infrastructure</li> </ul> <p><a href="#">For more details, please see the Innovative Activities subsection in the Operational Results section.</a></p>
Stronger investment appeal and higher capitalisation	<p>The Board of Directors of the Company approved the Operational Efficiency Improvement and Cost Reduction Programme of Rosseti Kuban for 2022–2026 (Extract from Minutes No. 461/2021 dated 30 December 2021); the Programme includes a list of measures to ensure that the Company achieves its strategic objectives and improves its internal efficiency. The performance indicators of the Programme take into account the Company's performance targets.</p> <p>Revenue in 2022 – RUB 63,739 mn, up RUB 6,069 mn year-on-year.                      EBITDA in 2022 – RUB 16,141 mn, up 82% year-on-year.                      Profit of RUB 5,244.5 mn was mainly brought about by an increase in the volume of services rendered.                      Year-end net asset value – RUB 45,803.2 mn.                      Net assets increased by RUB 4,773.7 mn over the year due to increase in equity after receiving the year-end profit.</p> <p>In light of a more significant reduction in the MICEX Index and the Electric Utilities Index, the Company's market capitalisation for the reporting year declined and as of 31 December 2022 amounted to:</p> <ul style="list-style-type: none"> <li>• Excluding outstanding additional shares – RUB 18.77 bn</li> <li>• Including outstanding additional shares – RUB 20.38 bn</li> </ul>
Decent working conditions, improvement of professional competence and loyalty of the Company's personnel	<p>In all Rosseti Kuban branches, the level of average accrued wages for production staff is competitive and higher than the local average accrued wages for 2022                      The staff training plan was over-fulfilled (168%)</p> <p><a href="#">For more details, please see the Human Resources Management subsection of the Sustainable Development section.</a></p>



# KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPI) are used to assess if the Company's development priorities were met.

The KPIs of the General Director are aligned with:

- Item 15.1, Article 15 of the Company's Articles of Association
- Resolution of the Board of Directors of the Company dated 7 October 2020 (Minutes

No. 404/2020 dated 9 October 2020), as amended by Resolution of the Board of Directors of the Company dated 28 December 2022 (Minutes No. 505/2022 dated 30 December 2022)

Targets of key performance indicators were approved by Resolution of the Board of Directors of the Company dated 9 February

2022 (Minutes No. 464/2022 dated 11 February 2022), as amended by Resolution of the Board of Directors of the Company dated 28 December 2022 (Minutes No. 505/2022 dated 30 December 2022).

The Company's Board of Directors created the following framework for Key Performance Indicators for 2022 in compliance with the aforementioned resolutions:

KPI	Method of calculation
Total dividend yield	Comparison of the accrued dividends of the reporting year with the average value of the same indicator for the last three years and with the value set forth in the business plan of the Company
Return on invested capital	Ratio of pre-tax profit and interest to the sum of equity and long-term loans and borrowings
Operating profit (EBITDA)	Section 1. The year-on-year growth of the actual EBITDA exceeds the average annual tariff growth rate Section 2. If the condition above is not met, the achievement of the EBITDA indicator to the planned value calculated based on the approved business plan is to be estimated
Reduction of unit operating expenses (costs)	Year-on-year reduction in the ratio of unit operating costs to the volume of serviced equipment (in c.u.) in the reporting year
Level of electricity losses	Ratio of electricity delivery to the grid minus the electricity delivered from the grid and utility consumption to the delivery to the grid minus the internal balance flows
Higher labour productivity	Ratio of added value to the number of insured people. Comparison with the 2020 baseline
Efficiency of innovations	Integral indicator of innovations efficiency assesses the extent to which three composite indicators are met: <ul style="list-style-type: none"> <li>• R&amp;D expenditure indicator,</li> <li>• innovative product procurement indicator,</li> <li>• quality of design &amp; engineering (updating) / implementation indicator</li> </ul>
Accounts receivable reduction rate	Reduction of the actual overdue receivables across all S&As (excluding moratorium and restructured debts, as well as debts of subcontractors that lost the status of a WEM subject and/or a guaranteeing supplier)
Compliance with grid connection deadlines	Complex indicator that estimates the quality of grid connections performed by S&As of Rosseti, PJSC; this indicator includes three components: <ul style="list-style-type: none"> <li>• the quality of processing of grid connection applications,</li> <li>• the quality of performance of grid connection agreements and compliance with anti-trust legislation of the Russian Federation</li> </ul>
Debt/EBITDA	Section 1. it is evaluated on how well the debt to EBITDA ratio is met. In case of financial stability of the Company, the target value is $\leq 3.0$ ; otherwise, there should be an improvement of at least 10% from the actual value in the previous year but not less than 3.0. Section 2. If the condition above is not met, one needs to evaluate whether the planned debt/EBITDA ratio calculated on the basis of the approved business plan is achieved or not
Compliance with commissioning schedule	Ratio of the total actual fixed assets entered in accounting records (in monetary terms, in relation to completed construction facilities recorded as fixed assets in the reporting year, with quarter-by-quarter breakdown) to the planned values in accordance with the approved investment programme of the Company and its implementation schedules
Readiness for heating season	Indicator that estimates the readiness of the Company to work during the heating season, based on monthly monitoring by the Ministry of Energy of Russia
Implementation of the Company's Development Plan	Bonus reduction indicator calculated against the number of unfulfilled activities of the Company's Development Plan approved by the Board of Directors of Rosseti, PJSC in the reporting period

KPI	Method of calculation
Achievement of specified reliability level of services provided	Indicators of tariff regulation reliability (SAIDI, SAIFI), as well as the number of major accidents in relation to average annual values for the last three years
Absence of work-related accidents	Number of Company's employees injured in accidents (with mild, severe or fatal outcomes) that were caused by officials who failed to perform their duties, during the reporting year
Indicator of transition to predominant use of domestic software	It assesses whether a transition plan for the predominant use of domestic software is put in place on time, and is calculated as the share of funding for Russian software and related work (services) in total funding for software and related work (services)

## KPI TARGETS AND ACHIEVEMENT

Indicators	Weight / percentage of bonus reduction in the 2022 incentive system, %	Actual value for 2021 // assessment of achievement for 2021 (achieved/ not achieved)	Targets for 2022	Actual value for 2022 <sup>1</sup> // % of the 2021 actual value	Assessment of achievement in 2022 (achieved / not achieved) / reasons for deviation
Total dividend yield	10	not calculated // not assessed <sup>2</sup>	$\geq$ the arithmetic average of the funds allocated to the payment of dividends in accordance with the decisions of the general meetings of shareholders of the Company for the 3 years preceding the reporting period, and $\geq$ the amount of funds allotted for the payment of dividends in the reporting period, in accordance with the Company's business plan	The achievement of the indicator will be evaluated following the decision of the General Meeting of Shareholders on the distribution of the Company's profit for 2022	
Return on invested capital	20	496.6% //achieved	$\geq 95.0\%$	175.5%/35%	achieved
Operating profit (EBITDA)	15	completed //achieved	completed	completed//100%	achieved
Reduction of unit operating expenses (costs)	10	2.0% //achieved	$\geq 2.0\%$	11.7%/540%	achieved
Level of electricity losses	10	10.31% //achieved	10.15%	9.83%/105%	achieved
Higher labour productivity	5	19.99% //achieved	$\geq 10\%$	71.99%/360%	achieved
Efficiency of innovations	20	96% //achieved	$\geq 90\%$	not to be determined <sup>3</sup>	not to be assessed
Accounts receivable reduction rate	10	55.8% //achieved	$\leq 100\%$	87.0%/64%	achieved

<sup>1</sup> Contains the expected KPI achievement, taking into account the timing and preparation procedure of reports that provide initial data for KPI calculations. The final actual values are to be approved by the Board of Directors of Rosseti Kuban.

<sup>2</sup> In the Company's business plan for 2021, net profit is approved with a value of less than 0 and the weight of the indicator is reallocated to the KPI "Return on invested capital".

<sup>3</sup> The KPI results will be summarised by a separate resolution of the Board of Directors of the Company in accordance with the KPI Calculation and Assessment Methodology for the General Director of Rosseti Kuban (Minutes No. 404/2020 dated 9 October 2020), as amended by the resolution of the Board of Directors of the Company (Minutes No. 505/2022 dated 30 December 2022) based on the results of the assessment conducted by the collegial body of Rosseti Group on the implementation and follow-up of the Innovative Development Programme of Rosseti, PJSC and its S&As for 2020–2024 with an outlook until 2030, taking into account the principles and approaches defined by the current Methodological Guidelines for the annual assessment of the implementation of innovative development programmes of joint stock companies and the Methodological Guidelines for assessing the quality of the design (updating) of innovative development programmes of joint stock companies.



Indicators	Weight / percentage of bonus reduction in the 2022 incentive system, %	Actual value for 2021 // assessment of achievement for 2021 (achieved/ not achieved)	Targets for 2022	Actual value for 2022 <sup>1</sup> // % of the 2021 actual value	Assessment of achievement in 2022 (achieved / not achieved) / reasons for deviation
Compliance with grid connection deadlines	-10	1.0//achieved	≤ the actual value of the indicator for the previous year multiplied by 0.85 but not less than 1.1	1.0//100%	achieved
Debt/EBITDA	-10	completed //achieved	completed	completed	achieved
Compliance with commissioning schedule	-10	1Q 124.0% 2Q 131.0% 3Q 139.0% 4Q 100.0% FY 111.0% //achieved	≥ 90.0% (in all quarters)	1Q 201.0% //162.0% 2Q 286.0%//218.0% 3Q 207.0%//149.0% 4Q 108.0%//108.0% FY 129.0%//116.0%	achieved
Readiness for heating season	-10	Simultaneously: 1) 1.0 2) completed // achieved	Simultaneously: 1) ≥ 0.95 2) failure to achieve the set value of the specialised indicator; presence of outstanding measures for readiness compliance by an electric power entity	Simultaneously: 1) 1.0 2) non-achievement of the target value of the specialised indicator //100.0%	achieved
Implementation of the Company's Development Plan	-70	0.0//achieved	0.0 (all activities completed)	0.0//100.0%	achieved
Achievement of specified reliability level of services provided	-10	Simultaneously: 1) $K_{SAIDI}=4.62$ ; for $K_{SAIFI}=2.80$ 2) The actual values did not exceed the permissible level of the planned values of the indicators established by the tariff regulators 3) 1.0 // not achieved	Simultaneously: 1) $K_i \leq 1.0$ 2) No significant deterioration in the indicators set by the tariff regulator 3) No increase in major accidents	Simultaneously: 1) for $K_{SAIDI}=1.40$ ; for $K_{SAIFI}=1.65$ (achieved, considering the presence of objective factors) <sup>1</sup> 2) actual values did not exceed the permissible level of the planned values of the indicators established by the tariff regulators 3) 0.0	achieved

<sup>1</sup> Exceeding of the planned value of Ksaidi and Ksaifi, is associated with the implementation of measures to improve the accounting of disturbances (accidents), reduce the number of unrecorded outages, increase the transparency and manageability of technological processes, reliability of recorded parameters used to calculate the reliability level of services provided.

Indicators	Weight / percentage of bonus reduction in the 2022 incentive system, %	Actual value for 2021 // assessment of achievement for 2021 (achieved/ not achieved)	Targets for 2022	Actual value for 2022 <sup>1</sup> // % of the 2021 actual value	Assessment of achievement in 2022 (achieved / not achieved) / reasons for deviation
Absence of work-related accidents	-10	Simultaneously: 1) 1.0 2) 0.0//achieved	Simultaneously: 1) No more than two injured persons 2) 0.0	Simultaneously: 1) 1<2 2) 0.0//100.0%	achieved
Indicator of transition to predominant use of domestic software	-20	introduced from 2022	≥90.0%	92.44% <sup>2</sup>	achieved

Target KPI values for 2023 are not reflected due to changes in the composition of KPIs, as well as approaches to the procedure for setting KPI targets and calculating actual KPI values, in accordance with the requirements of the Russian Federation Government Resolution No. 3579-r dated 28 December 2020 (as amended by Russian Federation Government Resolution No. 2072 dated 16 November 2022).

The Company's system of key performance indicators is linked to the variable part of management remuneration, with each indicator having a specific weight or percentage of bonus reduction in the volume of bonuses paid, and annual bonuses are paid subject to the achievement of the respective KPIs.

<sup>2</sup> This value is preliminary. Achievement of the indicator will be assessed following the preparation of the progress report on the digital transformation strategy.



# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

## HOW THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OPERATES

The Internal Control System (ICS) and Risk Management System (RMS) of Rosseti Kuban are integrated into the company-wide management system and provide reasonable assurance to the achievement of the objectives in the following focus areas:

- Operational efficiency and strong performances of the Company including the achievement of financial and operating results, protection of the Company's assets
- Compliance with the applicable laws of the Russian Federation and by-laws of the Company, in particular during commercial activities and maintenance of accounting records
- Reliability and timeliness of financial statements and other reporting records
- Sustainable continuous operation and development of the Company through timely identification, assessment and management of risks that jeopardise the Company's effective performance and reputation, the health of its employees, the environment, or property interests of shareholders and investors

To facilitate the ICS and RMS, the Company put the following fundamental regulatory documents in place:

- Internal Control Policy of the Company (Minutes No. 233/2016 of the Board of Directors dated 18 March 2016). The Company's Internal Control Policy discloses the main requirements for the organisation and operation of the ICS established by the Board of Directors of the Company

- Procedure for implementing the requirements of the Internal Control Policy of the Company (approved by Order No. 369-od dated 30 June 2021). The components and principles of the ICS set forth in the Internal Control Policy are elaborated, detailed and disclosed in the Internal Control Policy Implementation Procedure
- Risk Management Policy (Minutes of the Board of Directors of the Company No. 420/2021 dated 24 February 2021). The Policy is a by-law, which determines the Company's risk attitude, establishes the general principles, objectives and tasks of the RMS, RMS organisation approaches, the allocation of responsibility between RMS participants and the nature of their cooperation, and risk management steps

In addition, the Company has the following risk management regulations in place:

- Risk management regulations
- Risk tree model
- RMS maturity model
- List of basic risk management measures
- Risk appetite determination procedure

In accordance with the Risk Management Policy, the risk appetite was approved by decision of the Board of Directors of the Company (Minutes No. 480/2022 dated 15 June 2022).

Operating within the specified risk appetite gives Rosseti Kuban a higher degree of confidence that its stated goals will be accomplished.

The following risk appetite targets were established:

- Ensuring reliable and quality power supply
- Developing and improving accessibility of power grid infrastructure
- Maintaining a sound financial position
- Ensuring the observance of shareholders' rights
- Seeking to ensure technological and innovative development through the introduction of scientific research and technology
- Ensuring the implementation of occupational safety policy obligations and the principles of the zero-accident concept
- Reducing electricity losses during transmission and distribution
- Reducing (minimising) the negative impact on the environment
- Promoting zero tolerance of violations of the requirements established by the legislation of the Russian Federation
- Ensuring the development of the electric grid sector's human resources potential and maintaining a consistently high level of availability of production personnel

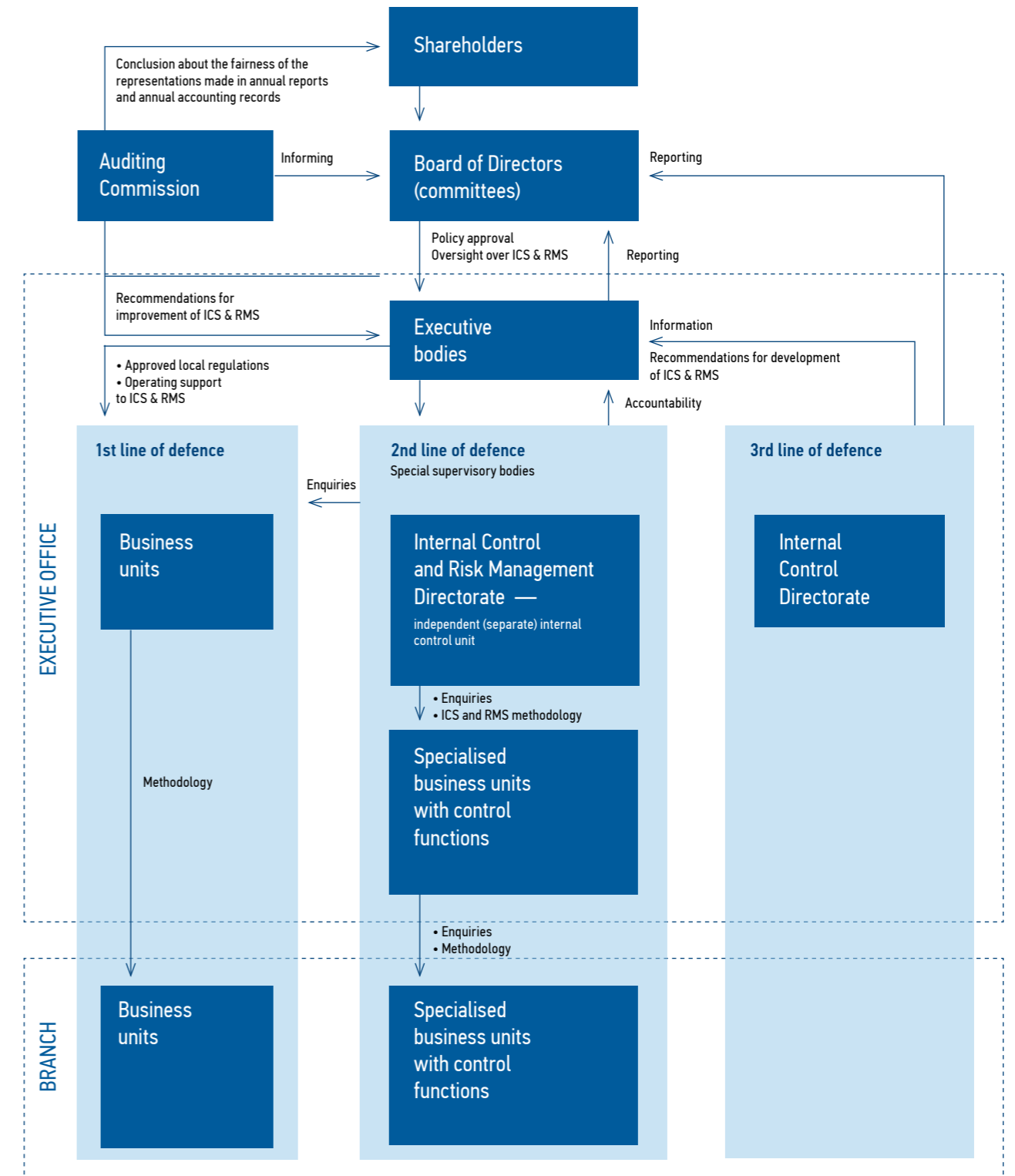
## KEY PARTICIPANTS IN THE ICS & RMS PROCESS

The internal control and risk management framework covers all areas of activity and all levels of corporate governance: the Board of Directors, the authorised committee of the

Board of Directors, the Company's Auditing Commission, the Company's executive bodies, managers and employees at all management

levels of the Company, the Internal Control and Risk Management Directorate and the Internal Audit Directorate.

### INTERACTION BETWEEN THE ICS & RMS PARTICIPANTS



According to the Three-Line Defence model, the control procedures are continuously executed in all Company processes (areas of activity) at all management levels:

- Level of governing bodies (sole and collective executive bodies), the Company's units and divisions performing control procedures as part of their functions and professional duties – the first line of defence
- Level of the Company's control divisions – the second line of defence
- Level of the Internal Audit Department – the third line of defence

The Company's organisational structure was approved by decision of the Board of Directors (Minutes No. 241/2016 dated 31 May 2016). As a result, the Internal Control and Risk Management Department was established that is an independent unit responsible for the implementation, development and improvement of the Company's unified framework to building internal control and risk management systems, as well as for methodological and organisational support for the implementation of preventive and current control in the Company.

The main functions of the Internal Control and Risk Management Directorate are as follows:

- Assistance to the Company's management in building and maintaining internal control and risk management systems through the development, implementation and adaptation of key methodological documents for the creation and improvement of ICS and RMS
- Analysis of the risk portfolio and reporting on the risk realisation in the Company, development of proposals for response and reallocation of resources in relation to risk management, operational control of the risk management process by business units of the Company, overall coordination of risk management processes
- Organisation of control measures in the Company to minimise risks in the functioning of internal control and risk management systems (including current control measures in processes), accounting and monitoring of inspections carried out by external control (supervision) bodies, the Auditing Commission and internal audit
- Preparation and presentation of information to stakeholders on the status and effectiveness of internal control and risk management processes

The functions of the ICS and RMS participants can be found in Appendices No. 7 and 8 to the Annual Report, and they are described and formalised in the following documents:

- [Articles of Association](#)
- [Regulation on the Audit Committee of the Board of Directors](#)
- [Internal Control Policy, Risk Management Policy and Procedure of Internal Control Policy Implementation](#)
- By-laws regulating the distribution of responsibilities between the Deputy General Directors and other managers subordinate to the Company's General Director; regulations on business units, job descriptions and control and risk matrices
- Regulation on specialised internal control bodies

Control procedures for processes and sub-processes of the main and supporting activities, as well as governance processes of the Company, are recorded in control and risk matrices.

## PERFORMANCE ASSESSMENT AND IMPROVEMENT OF ICS AND RMS

In order to ensure that the ICS and RMS are effective and compliant with objectively changing requirements and conditions, the Company carries out the following assessments on the annual basis:

- Self-assessment of ICS effectiveness (carried out by the Company's management)
- Self-assessment of RMS effectiveness (carried out by the Internal Control and Risk Management Directorate)
- Internal independent assessment of reliability and effectiveness of the ICS and RMS (carried out by internal audit)

Self-assessment of the effectiveness of the control procedures and ICS processes as at the end of 2022 was carried out by process owners in the format of filling in checklists, with methodological support of the self-assessment

process by the Internal Control and Risk Management Directorate. For all processes, the ICS is assessed by process owners as effective; for most processes, the ICS is "fully compliant" with the ICS criteria set out in the Methodology for Self-assessment of the Effectiveness of Control Procedures and ICS Processes (areas of activities).

A self-assessment of the effectiveness of the RMS as at the end of 2022 was carried out by the Internal Control and Risk Management Directorate by assessing whether the current level of RMS maturity meets the established criteria of the Company's RMS Maturity Model. According to the greatest number of characteristics, the maturity model of the Company's RMS meets the Optimal (developed) and High (integrated) criteria.

The results of the effectiveness assessment of the Company's ICS and RMS for 2022 and recommendations for their improvement are reflected in the internal auditor's reports and considered at the meeting of the Company's Board of Directors (Minutes No. 517/2023 dated 21 April 2023).

By the above decision of the Company's Board of Directors, the maturity level of the ICS for 2022 is assessed as being between the Optimal (Level 5) and High (Level 6) levels – 5.3 points, which corresponds to the 2021 year-end assessment results. The maturity level of the RMS in 2022 is assessed as being at an intermediate level between Moderate (Level 4) and Optimal (Level 5) – 4.7 points, up 0.1 point from the 2021 assessment.

## ICS AND RMS ACTIVITIES IMPLEMENTED IN 2022

By decision of the Board of Directors (Minutes No. 433/2021 dated 24 May 2021), the Plan for Maintaining the Effectiveness and Development of ICS and RMS at Rosseti Kuban, PJSC was approved for the purpose of development and improvement of ICS and RMS.

In the reporting year, the Company implemented the following key activities aimed at the improvement of the ICS and RMS:

- Approval of the risk appetite for 2022 (Minutes of the Board of Directors of the Company No. 480/2022 dated 15 June 2022)
- Ongoing control of high-risk business processes within the activities of the collegial bodies (on settlement of receivables, consolidation of energy supply facilities, identification of non-core assets, introduction of automated information systems)

- Approval of local regulations governing control procedures, including those intended for availability, efficiency and sufficiency of controls
- Conduct of control measures to assess the adequacy, effectiveness and efficiency of the ICS and RMS
- Monthly monitoring of financial stability, supervision of counterparty liquidation and bankruptcy proceedings
- Update of process regulations with regard to risk matrices and process control procedures
- Update of the methodological framework of the ICS and RMS (approval of the Risk Appetite Determination Procedure), the risk tree, the regulations on accounting for inspections carried out by external control (oversight) bodies, and methodological recommendations on organising and conducting an anonymous questionnaire survey of employees)

- Participation in training events for Rosseti Group employees on the organisation and operation of the risk management and internal control system: Knowledge Days (four training events), conferences on topical issues and the development strategy of the risk management and internal control system
- Training of four employees of the Internal Control and Risk Management Department with successful Internal Controller re-qualification examinations.

## ICS AND RMS IMPROVEMENT ACTIVITIES PLANNED FOR 2023

The main ICS and RMS objectives for 2023 are as follows:

- Improving approaches to integrating risk management into key business processes
- Updating the regulating and methodological documents relating to ICS and RMS
- Implementing/updating and evaluating the effectiveness of existing control procedures, including self-assessment by process owners
- Promoting a culture of risk awareness, training on the organisation and operation of the ICS and RMS

## KEY RISKS

The risk management system of the Company involves regular identification, assessment and monitoring of risks, as well as measures to reduce the probability and potential consequences of risk realisation, with informing shareholders and other stakeholders thereof.

According to the Company's Risk Management Regulation, the Management Board established and approved the Company's 2022 Risk Register (Minutes No. 33/2021 dated 19 November 2021) containing 19 functional risks, i.e., aggregated risks of business processes that have a significant impact on the Company's activities, including key performance indicators of the Company's sole executive body, and respectively on the achievement of goals in the management of the power grid complex and the accommodation of strategic objectives of Rosseti Group.

Every quarter in 2022, the Company's Management Board reviewed risk owner

reports on the management of functional and business process risks. While preparing reports, the risk owners updated the risk register, reviewed an action plan progress report and a report on the implementation of compensating measures, and generated a risk map based on the updated Risk Register.

The degree of risk materiality is established to determine the impact of risk on the Company's operations. Risks are ranked according to three levels of materiality: moderate, significant and critical.

Based on the quarterly risk reassessment conducted during 2022, ten risks were rated as critical and significant as at year-end.

The Company creates methods to lessen and minimise the effects of risks being realised for all functional hazards, and approves the Company's Risk Management Action Plan.

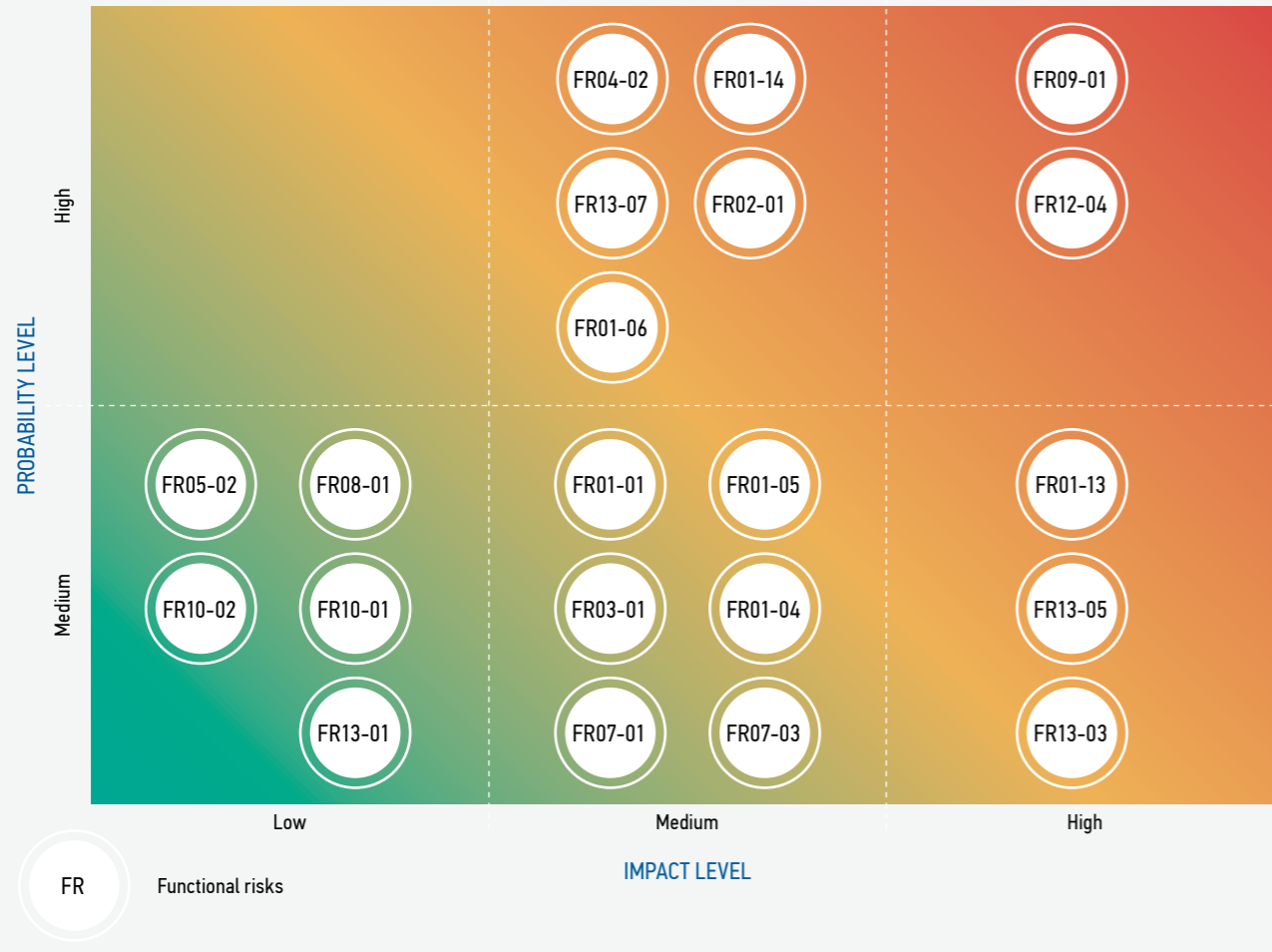


## INFORMATION ABOUT THE COMPANY'S RISK MANAGEMENT WITH THE SIGNIFICANT AND CRITICAL MATERIALITY LEVEL IN 2022

Description and designation	Impact on performance indicators	Risk materiality as at 31.12.2021	Risk materiality as at 31.12.2022	Risk management
Higher inflation (FR01-06)	Achievement of consolidated profit from operations (EBITDA)	Moderate	Significant	The objectives of risk management measures included cost optimisation through rational resource usage, effective management of material resources, and the application of procurement guidelines to encourage the use of Russian-made items that are less prone to inflationary processes
Bankruptcy and liquidation of counterparties (FR01-13)	Achievement of consolidated profit from operations (EBITDA)	Included in the risk register in 2022	Significant	<ul style="list-style-type: none"> <li>Timely submission of applications to the court for inclusion of the Company's claims in the register of creditors</li> <li>Preparation of documents by the responsible business units (financial responsibility centre (FRC), initiator of litigation) confirming the actual discharge of obligations, services and costs incurred by the Company, including substantiating materials, inconsistencies between business units, etc.</li> </ul>
Performance of judicial acts (settlement of disputes) on collection of debts for electricity transmission services against the Company (FR01-14)	Achievement of consolidated net debt/ EBITDA indicators	Significant	Significant	<ul style="list-style-type: none"> <li>Submission of FRC documents to the legal department for enforcement work</li> <li>Preparation of documents by the responsible business units (FRC, initiator of litigation) confirming the actual discharge of obligations, services and costs incurred by the Company, including substantiating materials, inconsistencies between business units, etc.</li> </ul>
Increased funding for the investment programme as a whole and/or for individual titles (in relation to the limits established) (FR02-01)	Achievement of consolidated net debt/ EBITDA indicators	Significant	Significant	<ul style="list-style-type: none"> <li>Oversight that the actual unit cost of construction (renovation) of facilities is not exceeded, based on the results of the work for the year</li> <li>Monitoring of the implementation of investment projects in terms of cost and deadlines</li> <li>Application of the methodology for planning the cost of investment projects in the process of preparation of the Company's investment programme (during planning, bidding and at the implementation stage of the investment programme)</li> </ul>
Increase in interest rates on loans and borrowings (FR04-02)	Ensuring dividend flow	Significant	Significant	<ul style="list-style-type: none"> <li>Negotiations with creditor banks, sending letters about considering the possibility of reducing interest rates on loans</li> <li>Procurement procedures to select financial institutions in order to reduce the cost of borrowing during the competition of participating banks</li> <li>Maintenance of debt and liquidity ratios</li> </ul>
Work-related incidents in the Company (FR09-01)	No increase in the number of workers injured in accidents	Critical	Critical	<ul style="list-style-type: none"> <li>Ensuring safe working conditions</li> <li>Monitoring of the implementation of local regulations, programmes containing health and safety requirements</li> <li>Timely and high-quality work with the staff</li> <li>Preliminary and periodic medical examinations of employees</li> <li>Effective functioning of the occupational health and safety management system</li> <li>Video recording of works conducting in electrical installations</li> <li>Elimination of causes of accidents</li> <li>Motivation of employees to comply with health and safety requirements</li> <li>Training in first aid techniques</li> <li>Education of the general population on the risks associated with accessing and being near electrical facilities</li> <li>Psycho-physiological support for reliability</li> </ul>

Description and designation	Impact on performance indicators	Risk materiality as at 31.12.2021	Risk materiality as at 31.12.2022	Risk management
Involvement of the Company / the Company's employees in corrupt practices (FR12-04)	Legal compliance, including anti-corruption and anti-trust laws	Critical	Critical	Implementation of the Anti-Corruption Plan in Rosseti Kuban in 2022, including: <ul style="list-style-type: none"> <li>Conduct of supervisory checks on employees' compliance with the principles of the Company's Anti-Corruption Policy</li> <li>Conduct of internal audits and investigations into violations of the Company's Anti-Corruption Policy</li> <li>Identification and clearing of conflict of interests</li> <li>Review and verification of reports of corruption and sundry abuses</li> <li>Training, counselling and education to help employees become law-abiding citizens</li> </ul>
Disruption and/ or interruption of the information infrastructure and telecommunication systems of power grid facilities (FR13-03)	Comprehensive security of the Company's operations	Significant	Significant	<ul style="list-style-type: none"> <li>Inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunications systems of power grid facilities</li> <li>Introduction of the information protection tools at information infrastructure facilities pursuant to the relevant work statements</li> <li>Monitoring of the actions of the Company's employees through information security systems</li> <li>Monitoring and analysis of external information security events</li> <li>Use of certified information security means</li> <li>Update of the information security regulations and use of information security means in accordance with the current requirements of Federal legislation</li> </ul>
Undue influence (of a terrorist, subversive, criminal or other nature) on power grid facilities and their information and telecommunication systems, including through the use of information technologies (FR13-05)	Comprehensive security of the Company's operations	Significant	Significant	<ul style="list-style-type: none"> <li>Installation of technical security equipment, video surveillance systems, access control system and security alarm system</li> <li>Refurbishment of security engineering equipment at fuel and energy facilities</li> <li>Physical security of the most critical fuel and energy facilities of the Company</li> <li>Inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunications systems of power grid facilities</li> <li>Introduction of the information protection tools at information infrastructure facilities pursuant to the relevant work statements</li> </ul>
Deliberate illegal acts by both legal entities and individuals and Company's employees, causing economic damage and harm to business reputation (FR13-07)	Comprehensive security of the Company's operations	Significant	Significant	<ul style="list-style-type: none"> <li>Checks of financial and economic activities</li> <li>Detection of economic misconduct by employees and third-party entities or individuals</li> <li>Submission and follow-up of the application materials to law enforcement agencies</li> </ul>

KEY RISK ASSESSMENT MAP OF THE COMPANY AS AT 31 DECEMBER 2022



INFORMATION ON INFORMATION SECURITY RISKS AND CYBER THREATS

Due to a rise in cyberthreats at the Company, the following information security vulnerabilities were identified:

- Risk of disruption and/or interruption of the information infrastructure and telecommunication systems of power grid facilities
- Risk of undue influence on power grid facilities and their information and telecommunication systems (of a terrorist, subversive, criminal or other nature), including through the use of information technologies
- Risk associated with the realisation of information threats, including those arising from deficiencies (vulnerabilities) in the information technology used

In order to exclude (minimise) the realisation of the above risks, the Company is working on:

- Installation of security equipment, video surveillance systems, access control system and security alarm system on power grid facilities
- Renovation of security equipment at the fuel and energy facilities as set forth in the Company's investment programme
- Physical security of the most critical fuel and energy facilities of the Company
- Inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunications systems of power grid facilities

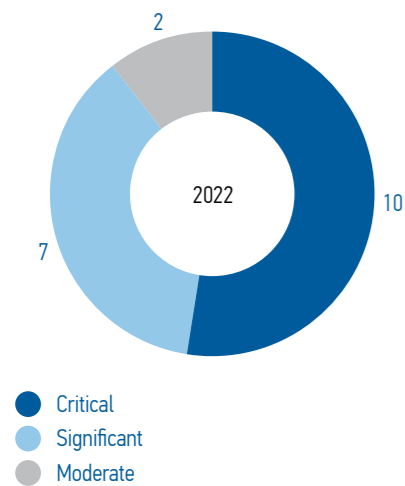
- Introduction of the information protection tools at information infrastructure facilities pursuant to the relevant work statements
- Monitoring of the actions of the Company's employees through information security systems. In addition to using certified information security solutions, external information security events are monitored and investigated

Considering the Company's zero accident tolerance, the risk of work-related injuries was evaluated as critical in 2022. There were three work-related accidents, one of which was fatal.

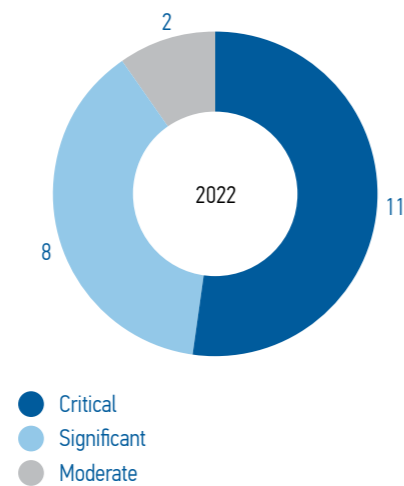
Risk number	Risk	Actual occurrence of the risk with an indication of the consequences	Measures to minimise the risk impact
FR09-01	Work-related injuries in the Company	One fatality, two minor injuries	<ul style="list-style-type: none"> <li>• Implementation of a comprehensive programme to reduce the risks of injuries to workers.</li> <li>• Implementation of a targeted programme for the phase-out of injury-prone equipment.</li> <li>• Employee training and development, including planned/ unplanned health and safety training (briefings).</li> <li>• Introduction and use of technology to ensure safe working practices and safe working conditions.</li> <li>• Examination of the causes and circumstances of accidents, with follow-up of measures stated in the accident investigation reports.</li> <li>• Video recording of the preparation and execution of work at facilities.</li> </ul>

The dynamic risk assessment profile in 2022 is shown in the following charts.

INITIAL ESTIMATE FOR 2022



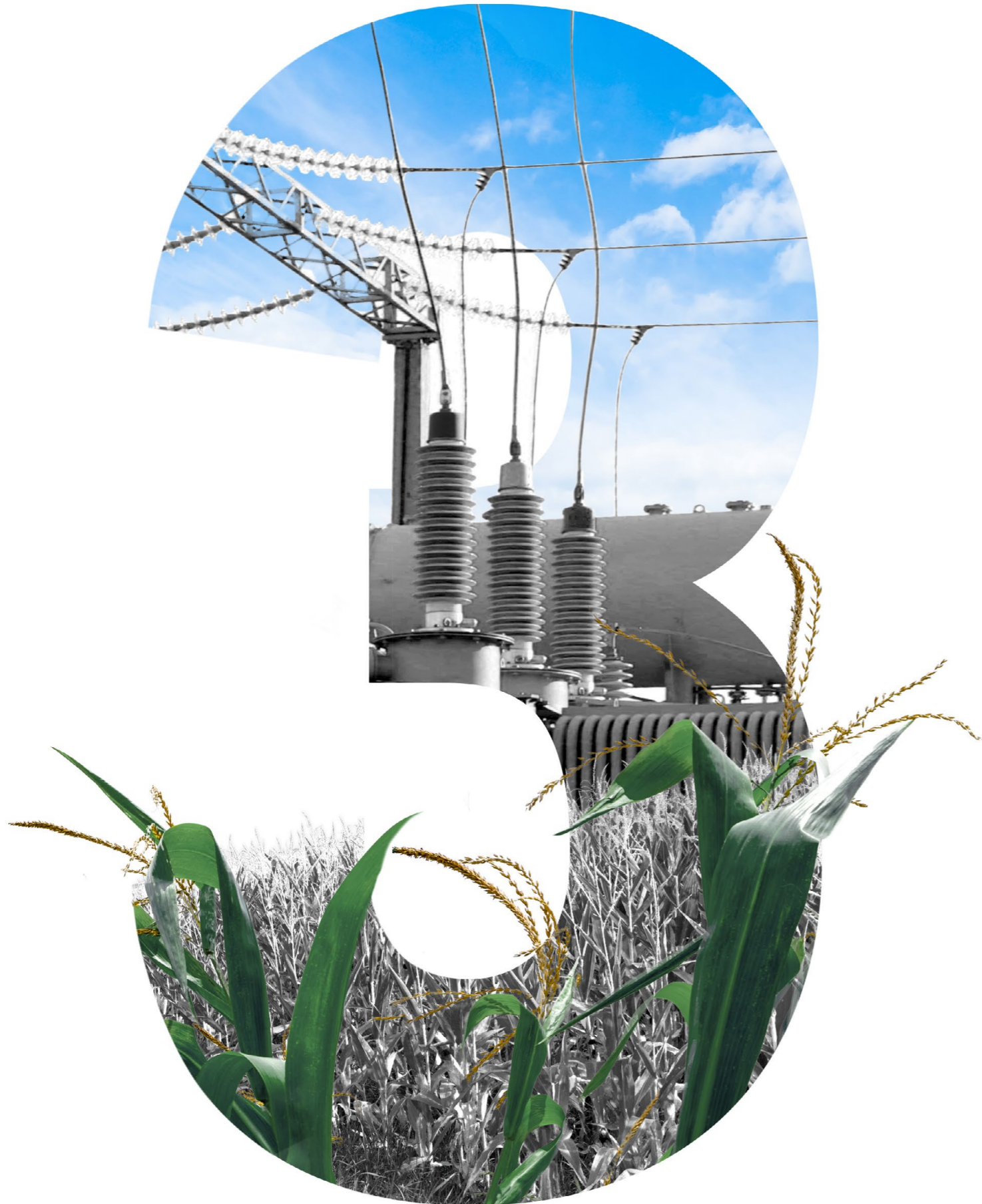
FINAL ASSESSMENT ON 2022 YEAR-END RESULT



SUSTAINABILITY RISK INFORMATION

The focus of the Company's management is on health and safety, employee development, mitigating negative environmental consequences, and other ESG concerns, which are continuously monitored by dedicated divisions. The Company's overall risk management framework includes sustainability risk management. Risk assessment and management take a variety of factors into account, including ESG, which helps the business comply with its sustainability standards. The reliability and continuity of the power supply, higher customer satisfaction and service quality and wider range of customer communication channels all received significant attention in risk management in 2022.





# Operational Results

Transmission and distribution of electricity to consumers on 110 kV and below power grids is the core business of Rosseti Kuban

**21,947.8**  
mn kWh

volume of electricity transmission services provided by the Company in 2022 (+4.5% against 2021)

**0.41** p.p.

decrease in the relative level of losses in 2022 in relation to 2021 (the year-end loss standard is **met**)

# ELECTRICITY DELIVERY

“ Rosseti Kuban's core business is associated with the delivery and distribution of electricity to customers via 110 kV or lower voltage grids. The Company's share in the regional electricity transmission market in 2022 was 77.1% (of the regional required gross revenue).

In 2022, the Company achieved its key targets for electricity loss in transmission, which totalled 9.51%, or 0.64 p.p. below the plan.

In 2022, the loss reduction efforts had an effect of 66 million kWh.



**OLEG NISHCHUK**  
Deputy General Director for Service Sales



## KEY INDICATORS

### THE COMPANY'S PRODUCTION RESULTS FOR 2020–2022

Indicators	2020	2021	2022	Change in 2022 indicators compared to 2021 (%)
Delivery to the grid (mn kWh)	23,008.0	25,221.7	26,062.3	+3.3
Electricity delivered from the grid to customers and related territorial grid organisations within the area of balance and operational responsibility (mn kWh)	20,697.2	22,719.6	23,582.8	+3.8
<b>Losses of electricity in transmission:</b>				
mn kWh	2,310.8	2,502.1	2,479.5	-0.9
%	10.04	9.92	9.51	-0.41 p.p.
<b>Volume of electricity transmission services provided:</b>				
mn kWh	19,108.1	21,004.5	21,947.8	+4.5
RUB mn	48,101.9	54,526.3	61,452.9	+12.7

In the reporting year, actual electricity losses in the power grids of Rosseti Kuban amounted to 2,480 million kWh, or 9.51% of the delivery to the grid. In 2022, the relative level of losses to 2021 was reduced by -0.41 p.p. The year-end loss allowance is met.

The Company's operations in 2022 resulted in total volume of electricity transmission services of 21,948 million kWh, which is 943 million kWh, or 4.5%, more than in 2021.



Every year, loss reduction actions are taken in order to satisfy the predetermined parameters.

## ELECTRICITY LOSS REDUCTION MEASURES

Reducing electricity losses is one of the Company's primary activities.

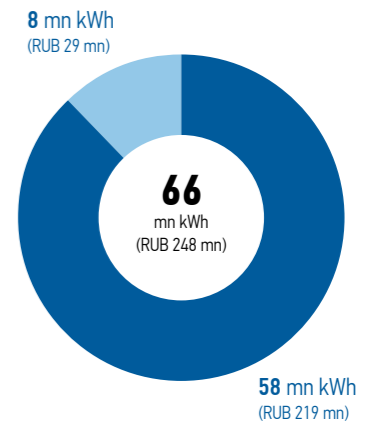
By the end of 2022, the effect of steps taken to reduce electricity transmission losses totalled 66 million kWh (RUB 248 million), including from:

- Organisational measures — 58 million kWh (RUB 219 million)
- Technical measures — 8 million kWh (RUB 29 million)

In the future, the efforts in this area will be continued.

✓ The electricity loss reduction programme was **implemented**, and the programme's target – the level of electricity losses – **was achieved**.

### EFFECT OF THE MEASURES TO REDUCE ELECTRICITY LOSSES



- Organisational measures
- Technical measures

## ELECTRICITY METERING

As at 31 December 2022, there was in the Company's operational area.

**1,225,864**  
delivery points

**110,901**  
delivery points for legal entities

**1,074,233**  
delivery points to domestic consumers

**10,278**  
delivery points to apartment buildings

**30,452**  
delivery points with technical record-keeping function

Pursuant to Federal Law No. 522-FZ dated 27 December 2018 "On Amending Certain Legislative Acts of the Russian Federation in Connection with the Development of Electricity (Capacity) Metering Systems in the Russian Federation", the Concept of Smart Metering Development of Rosseti, PJSC in Retail Markets approved by the decision of the Management Board of Rosseti, PJSC (Minutes No. 885pr/1 dated 26 June 2019), the Company's Board of Directors approved the Smart Metering Development Programme for 2020–2030 (Minutes No. 374/2020), hereinafter referred to as the Programme, on 21 January 2020.





**RESULTS OF THE PROGRAMME IN 2022, METERING POINTS:**

Indicator	Actual 2021	Plan 2022	Actual 2022
Scope of completion (introduction, implementation) of measures including:	49,385	58,109	4,524
Installation/replacement of technical electricity meters	2,646	1,950	1,950
Installation/replacement of commercial electricity meters within the grid connection framework, under the Investment Programme	20,389	24,263	27,890
Installation/replacement of commercial electricity meters in case of absence or breakdown, or expiry of the calibration interval/service life of meters, under the Investment Programme	6,221	23,273	8,386
Installation/replacement of commercial electricity meters in case of absence or breakdown, or expiry of the calibration interval / service life of meters, under the Repair Programme	6,848	8,623	7,298
Installation/replacement of electricity meters under energy service agreements	13,281	0	0

Programme costs, including payments under energy service agreements of previous years, amounted to

**2,387.066 RUB mn**  
excl. VAT

Net of payments under energy service agreements of previous years, the programme costs amounted to

**1,346.518 RUB mn**  
excl. VAT

**Introduction of electricity meters with remote data collection**

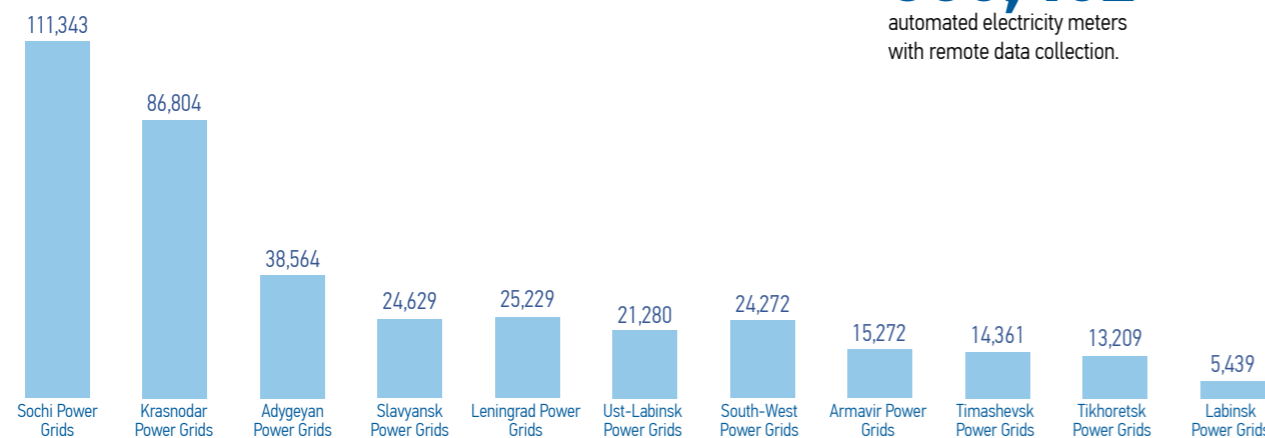
In the reporting year, 1,950 technical electricity meters and 29,900 commercial electricity meters were installed and automated. A total of 31,850 electricity meters installed/replaced and automated in 2022.

In 2023, it is planned to continue the installation/replacement and automation

of commercial electricity meters in the absence, breakdown, expiry of the calibration interval / service life of electricity meters, as well as during grid connection, in order to create a smart electricity metering system to meet the requirements of the Federal Law "On Amending Certain Legislative Acts of

the Russian Federation in Connection with the Development of Electricity (Power) Metering Systems in the Russian Federation" No. 522-FZ dated 27 December 2018.

**TOTAL NUMBER OF AUTOMATED ELECTRICITY METERS WITH REMOTE DATA COLLECTION, AS OF 31 DECEMBER 2022 ACROSS ROSSETI KUBAN, PJSC**



As of 31 December 2022, there were

**380,402**  
automated electricity meters with remote data collection.

# GRID CONNECTION SERVICES

Rendering high-quality services for applicants, ensuring the availability of the electric power infrastructure in terms of grid connection of consumers, developing the power grid complex, and eliminating power grid restrictions for grid connection of new consumers and providing high-quality and reliable power supply to existing electricity consumers are the near-term grid connection goals of Rosseti Kuban.

“Based on the 2022 results, the approved grid connection targets were over-achieved over the year.

The demand for grid connections has continued to be quite strong. There are around 38,000 applications per year.

The volume of completed grid connection agreements in 2022 grew:

- compared to 2020 – by 63% in terms of the number of agreements and by 22% in terms of connected capacity (145 MW)
- compared to 2021 – by 9% in terms of the number of agreements and by 0.9% (7 MW) in terms of connected capacity

Growth drivers:

- Removal of covid restrictions and realisation of deferred demand
- Shift in developers' focus from multi-family to low-rise and single-family housing projects
- Changes to the laws regulating grid connections for members of gardeners' non-commercial partnerships and dacha farming non-commercial partnerships, allowing applications to be filed to the grid organisation on a case-by-case basis
- De facto abolition of the subsidised grid connection from 1 July 2022, which triggered an avalanche-like increase in the number of applications received in the first half of the year

The Company supervises the execution of the grid connection procedure at all its stages and levels and implements organisational and technical corrective actions in order to ensure quick processing of applications and completion of grid connection agreements.

In 2022, the average delivery period of grid connection services was shorter than the statutory limit:

- Processing of an application, formulation of technical requirements and an agreement offer take an average of seven working days, with a standard value of 10 to 20 working days
- If technical measures have to be taken by the grid organisation, it takes an average of 139 days to complete the grid connection agreement, whereas the legislation specifies a period of six months to two years

Given the well-established cooperation between utility providers and regional and local authorities, the Company will continue to work on continuous improvement of its grid connection performance going forward, thus strengthening its image as a customer-oriented company.



**ALEXANDER CHEPUSOV**  
Deputy General Director for Development and Power Grid Connection

**38,000**  
average number of applications for grid connection per year

**+9%**  
increase in the number of agreements completed in 2022 compared to 2021



The key documents, which regulate the Company's activities related to grid connection of consumer terminals (power installations) of legal entities and individuals to Rosseti Kuban's power grids:

- Federal Law No. 35-FZ dated 26 March 2003 On the Electric Power Industry
- Rules for Grid Connection of Consumer Terminals of Electricity Consumers, Generating Facilities and Grid Facilities Owned by Grid Organisations and Other Entities to Power Grids

approved by Decree No. 861 of the Government of the Russian Federation dated 27 December 2004

- Decree of the Government of the Russian Federation On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry No. 1178 dated 29 December 2011
- Order of the FAS of Russia On Approval of the Guidelines for Determining the Grid Connection Fee No. 490/22 dated 30 June 2022

A complete list of regulatory legal documents, detailed information on the grid connection procedure in Rosseti Kuban is publicly available on the Company's website [www.rosseti-kuban.ru](http://www.rosseti-kuban.ru) in the To Consumers / Grid Connection section.

For dynamic indicators on grid connection of consumers in 2020–2022, please see **Appendix No. 9**.

## COMPLETION OF GRID CONNECTION AGREEMENTS

In the reporting year, the Company competed 36,912 grid connection agreements. The total capacity of the completed grid connection

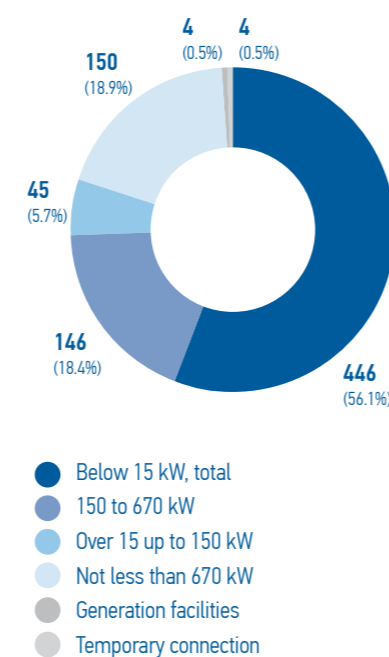
agreements was 795 MW, which is 153% higher than planned. The volume of connected capacity increased by 0.9% (7 MW) year-on-year.

**36,912** agreements  
capacity connected in 2022 by consumer category

### CAPACITY CONNECTED IN 2022 BY CONSUMER CATEGORY (MW)

Connection categories	Number of completed grid connection agreements	
	–	Total power (MW)
Up to 15 kW, incl., total	34,234	446
including individuals	29,254	381
15 to 150 kW, incl.	2,272	146
150 to 670 kW	197	45
670 kW minimum	106	150
Power generation facilities	21	4
<b>Total, excluding temporary grid connection</b>	<b>36,830</b>	<b>791</b>
Temporary connection	82	4
<b>Total, including temporary grid connection</b>	<b>36,912</b>	<b>795</b>

### STRUCTURE OF COMPLETED AGREEMENTS OF ROSSETI KUBAN, BY CAPACITY CONNECTED (MW AND %)



### BELOW IS THE LIST OF APPLICANTS WITH THE LARGEST AND MOST SIGNIFICANT POWER FACILITIES CONNECTED TO THE COMPANY'S POWER GRIDS IN 2022

Applicant	Capacity connected (MW)
Talent and Success Educational Foundation	10.0
Novorossiysk Grain Processing Plant, PJSC	9.8
Yugstroy-Electroset, LLC	9.8
NESK Elektroseti, JSC	9.3
Specialised Developer Dogma, LLC	6.4
Gazprom Social Initiatives Support Fund	4.5
Semya, LLC	4.0

In 2022, electric service was provided to more than 70 healthcare facilities, including hospitals, medical assistant and obstetric stations, and outpatient clinics, with a total capacity of more than 5 MW. Among the largest and most significant are:

- Outpatient haemodialysis centre of outpatient polyclinic of Vyselkovskaya Central Regional Hospital (0.25 MW)
- Farmservice, LLC, an enterprise to produce medical personal protective supplies in Vasurinskaya village, Dinskiy District, with a requested capacity of 1 MW
- SpetsPharmProizvodstvo, LLC, a pharmaceutical enterprise in Pavlovskaya village (500 kW)
- Kuban Medical Centre, LLC in Krasnodar (250 kW)
- Medical assistant and obstetric stations in Gorodskoy homestead and Krasnoye village, the Teuchezhsky District, the Republic of Adygeya of the Adygeya Interdistrict Hospital named after K.M. Batmen (30 kW)

Russia's southern regions has historically played a significant role in the nation's food

supply. During 2022, the Company completed the grid connection of more than 1,000 agricultural and food manufacturing plants for a total capacity of 54 MW. The most notable facilities:

- Novorossiysk Grain Processing Plant, PJSC (9.8 MW)
- Selkhoz-Galan, LLC, an agricultural production facility in Konstantinovskaya village, Kurganinsky District (1.13 MW)
- Kubanproduct, LLC, a high-tech greenhouse complex for growing vegetable crops in Novodmitriyevskaya village, Seversky District (450 kW)
- Agro-Yug, LLC, an agricultural production facility in Krasnensky village, Teuchezhsky District, Republic of Adygeya (300 kW)
- Dondukovsky Elevator, JSC, consumer terminals of the land plot for placing a farm in Dondukovskaya village, Giaginsky District, Republic of Adygeya (150 kW)
- Olenarii, LLC, a deer breeding farm in Dakhovskaya village, Maikop District, Republic of Adygeya (150 kW)

**>1,000** facilities  
of agricultural and food sectors  
connected to the power grid in 2022

**66** socially significant  
facilities

were also connected to the power grid in 2022

Additionally, the Republic of Adygeya and the Krasnodar Territory have been popular destinations for migration in recent years, which has raised housing demand. In order to accommodate this demand, the Company allotted 155 MW of power capacity to more than 2,500 housing projects.

A total of 66 socially significant facilities (schools, kindergartens, cultural organisations and sports facilities) with a combined capacity of over 13 MW were also connected to the power grid.

**>70** healthcare  
facilities  
provided with electric service in 2022



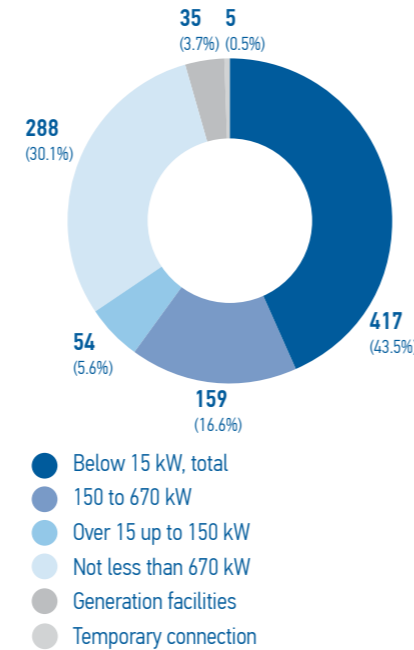
## CONSUMER DEMAND FOR GRID CONNECTION IN 2022

In 2022, Rosseti Kuban signed 35,349 grid connection agreements for a total capacity of 958 MW with a total value of RUB 13.2 billion, excl. VAT. Grid connection demand has been

steadily increasing after 2020. On average, at least 33,000 agreements are signed and about 38,000 applications are submitted every year.

Connection categories	Number of signed grid connection agreements	
		Total power (MW)
Up to 15 kW, incl., total	32,526	417
incl. individuals up to and including 15 kW	27,969	359
15 to 150 kW, incl.	2,350	159
150 to 670 kW	222	54
670 kW minimum	115	288
Power generation facilities	30	35
<b>Total, excluding temporary grid connection</b>	<b>35,243</b>	<b>953</b>
Temporary connection	106	5
<b>Total, including temporary grid connection</b>	<b>35,349</b>	<b>958</b>

### STRUCTURE OF ROSSETI KUBAN AGREEMENTS SIGNED IN 2022, BY CONNECTED CAPACITY (MW AND %)



## AMOUNTS OF REVENUE GENERATED AND MONEY COLLECTED

Revenue for grid connection services for the reporting year amounted to RUB 1,282 million (excluding VAT), which is 120% of the planned and 45% below the revenue for 2021 (RUB 2,348 million). The variance results from Stage 1 of the agreement with CPC-R, JSC (revenue of RUB 729 million) and the agreement with Novoroslesexport, JSC (revenue of RUB 361 million) being completed in 2021. There were no ongoing agreements for 2022 that would have generated a similar level of revenue. Alongside with that, the Company completed the 2nd stage of the grid connection agreement with CPC-R, JSC for RUB 420 million.

Proceeds for grid connection services amounted to RUB 4,865 million including VAT in 2022, which is 3.8 times higher than planned and 107% higher than in 2021 (RUB 2,354 million including VAT). The advance payments made under with the grid connection agreements are what cause the proceeds indicator to perform better than expected. Revenues of at least RUB 2,282 million are anticipated in 2023.

**1,282 RUB mn**  
(excl. VAT)  
volume of revenues for grid connection services in 2022

**107%**  
year-on-year increase in payments for grid connection services received in 2022

However, the second stage of grid connection under the agreement with CPC-R, JSC was completed in 2022 (amount of revenue — RUB 420 million).

## GRID CONNECTION OF GENERATING FACILITIES

S. No.	Applicant	Generation facility to be connected	Required capacity for grid connection of generating units for power output into the mains, voltage rating	Grid connection agreement date and price (excl. VAT)	Progress on grid connection of a facility as at the end of 2022
1	Rosneft, PJSC	Tuapse Refinery	24 MW, 110 kV	01.04.2010 RUB 56.37 mn	The agreement is being implemented. Timeframe for grid connection activities until 30.05.2025
2	ART-TECH, LLC	Electric facilities of the land plot for a logistics centre	6.0 MW, 10 kV	29.05.2020, RUB 4.14 mn	The agreement is being implemented. Rosseti Kuban received a request from the applicant to change the technical conditions. The applicant was forwarded a draught supplementary agreement that will extend the grid connection deadline until 31 December 2023
3	Verkhnebakansky Cement Plant, OJSC	Power plant of Verkhnebakansky Cement Plant, OJSC	52.75 MW, 6 kV	03.09.2015, RUB 0.09 mn	The agreement is being implemented. On 18 February 2019, Rosseti Kuban notified the Applicant of the readiness to the actual connection of the Facility according to the applicable legislation. Completion of activities by the Applicant is expected
4	Novoroscement, OJSC	Gas piston unit (GPU)-based energy centre with a capacity of 17.600 kW	17.60 MW, 110 kV	04.03.2019, RUB 11.40 mn	The agreement is being implemented. On 4 March 2019, Rosseti Kuban notified the applicant of the readiness to the actual connection of the Facility according to the applicable legislation. Completion of activities by the Applicant is expected
5	ENERGO-VOLT, LLC	GPU-based energy centre with a capacity of 24.8 MW	24.8 MW, 110 kV	17.09.2018, RUB 16.9 mn	The agreement is being implemented. Deadline for grid connection is until 31 December 2026
6	KNAUF GIPS KUBAN, LLC	GPU-based energy centre with a capacity of 4 MW	4 MW, 10 kV	10.12.2018 RUB 2.48 mn	The agreement is being implemented. On 26 December 2022, Rosseti Kuban received a request from the applicant to extend the grid connection deadline until 10 December 2024
7	EuroSibEnergо-Kuban, LLC	Consumer terminals of the land plot (construction of a mini-CHP)	4.44 MW, 10 kV	22.05.2018, RUB 2.75 mn	The agreement is being implemented. To complete the grid connection process, copies of the grid connection certificate and the certificate of technical specification fulfilment signed by Rosseti Kuban was sent to the applicant on 23 December 2022
8	Renewable Energy Sources, LLC	Solar power plants	13.5 MW, 10 kV	01.10.2021, RUB 314.25 mn	A total of three agreements were concluded. The grid connection deadline is 1 October 2023

S. No.	Applicant	Generation facility to be connected	Required capacity for grid connection of generating units for power output into the mains, voltage rating	Grid connection agreement date and price (excl. VAT)	Progress on grid connection of a facility as at the end of 2022
9	<b>Renewable Energy Sources, LLC</b>	Solar power plants	27 MW, 10 kV	11.11.2021, RUB 0.54 mn	A total of six agreements were concluded. The grid connection deadline is 11 November 2023
10	<b>ART-TECH, LLC</b>	Electric facilities of the land plot for a production base	4.9 MW, 10 kV	07.04.2022, RUB 0.4 mn	The agreement is being implemented. The grid connection deadline is 7 April 2024
11	<b>Adler Trout Breeding Farm, JSC</b>	Electric facilities of the land plot for a trout farm	1.28 MW, 10 kV	28.07.2022, RUB 0.4 mn	The agreement is being implemented. The grid connection deadline is 28 July 2024
12	<b>Armavir Cardboard Factory, LLC</b>	Electrical installations in the cardboard production building	3 MW, 6 kV	25.08.2022, RUB 0.01 mn	The agreement is being implemented. The grid connection deadline is 25 August 2023
13	<b>LUKOIL-Ecoenergo, LLC</b>	HPP building – above-water part	3.3 MW, 10 kV	14.09.2022, RUB 0.01 mn	The agreement is being implemented. The grid connection deadline is 14 September 2024
14	<b>KAVKAZ, LLC</b>	Electric facilities of the land plot for a solar power plant	1.02 MW, 10 kV	07.10.2022, RUB 1.96 mn	The agreement is being implemented. The grid connection deadline is 7 October 2024
15	<b>Novorosmetall, LLC</b>	Auxiliary power plant	23.4 MW, 110 kV	23.11.2022, RUB 0.01 mn	The agreement is being implemented. The grid connection deadline is 23 November 2024
16	<b>Microgeneration facilities of individuals and legal entities</b>		0.06 MW, 0.22–0.4 kV		There are a total of eight agreements in execution. The grid connection deadline is 2023–2024

## DEVELOPMENT OF THE POWER GRID COMPLEX

The primary goal of the long-term development of the Company's power grid is to determine the optimal course for grid modernisation and expansion in order to fill up any gaps in generating capacity and meet any anticipated long-term demand for generating capacity.





# RELIABLE AND EFFICIENT OPERATION OF THE ENERGY SYSTEM



**VLADIMIR MIKHAILOV**  
Deputy General Director for Technical Issues — Chief Engineer

## HIGH-QUALITY, RELIABLE AND UNINTERRUPTED POWER SUPPLY TO CONSUMERS

In 2022, Rosseti Kuban generally succeeded in achieving the primary goal of its production activity, i.e., keeping the reliability of the power equipment at an appropriate level.

Within the specified period of time and to the fullest extent possible, Rosseti Kuban completed the repair programme and took a series of steps to increase the reliability of the power supply to consumers. In addition, the Company obtained a certificate of readiness to work during the 2022/2023 heating season.

The Company's reliability indicators ( $I_{SAID}$ ,  $I_{SAIF}$ ) in the reporting year did not exceed the target values set by the Regional Energy Commission – Price and Tariff Department of the Krasnodar Territory (RPC-PTD KT).

**21%** reduction in the number of disturbances in 110 kV and above power grids in the reporting year

“ The assurance of the specific level of power supply reliability and quality is a strategic focus of our Company. Measures were put in place to reduce the number of disturbances, accident rate, power losses in grids, and improve customer service quality in order to meet the objectives established for 2022.



Indicator	Values established by the RPC-PTD KT		Value achieved by Rosseti Kuban
	Plan	Plan, taking into account the permissible deviation	Actual
System average interruption duration index, per point of delivery ( $I_{SAID}$ ), hour	4.3143	5.609	2.8424
System average interruption frequency index, per point of delivery ( $I_{SAIF}$ ), interruptions	0.9950	1.2935	1.2195

## The core initiatives in 2022 were focused on:

- Maintaining the rated parameters of production assets — power transmission lines, substation equipment, and relay protection and automation (RPA) devices
- Identifying and eliminating defects in a timely manner based on the power equipment diagnostics results
- Ensuring readiness for prevention of and response to disturbances
  - Prolonged agreements with contracting and related power grid organisations, as well as with the Russian Ministry of Emergency Situations and the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet)
  - Ensured readiness of 404 teams, 1,879 employees, 776 units of equipment, including 22 mobile teams (124 employees) equipped with appropriate technical means (49 units, including 22 motor vehicles and 27 units of special equipment), tools, rigging gear, sets of spare parts, communication aids, emergency sets of special clothing, food rations and financial means
  - Stocked the Company's emergency supplies
  - Checked operational readiness of 121 emergency power supply sources (EPSS) with a total capacity of 14,262.5 kW, of which 110 mobile EPSSs with a total capacity of 13,810.5 kW
  - Conducted four combined exercise on cooperation during response operations with the threat of power supply interruption, involving representatives of the Ministry of Emergency Situations of Russia in the Krasnodar Territory and the Republic of Adygeya, executive bodies of the Krasnodar Territory and the Republic of Adygeya and local self-government authorities

 Preparations for the heating season have been completed successfully.

Successful preparations were made for the heating season. Every year, the Company confirms its readiness for operation during the heating season and obtains a respective readiness certificate. The preparations for the heating season 2022/2023 covered production programmes, scheduled emergency training exercises and drills and Rostekhnadzor-prescribed measures. Order of the Ministry of Energy of Russia No. 1185 dated 3 November 2022 was given to approve the assessment of the readiness of power industry facilities to work in the 2022/2023 heating season. Kuban Headquarters operates continuously, and its representatives regularly take part in works to ensure the security of power supply in the Krasnodar Territory and the Republic of Adygeya. This is done to provide the reliable operation of the power grid complex under

conditions of power supply interruptions and other abnormal situations involving power supply interruptions.

The Central Flood Commission of the Company, which is a part of the Kuban Headquarters, and similar commissions of the Company's branches handled the preparation for the flood period. During the preparations, 82 activities were implemented:

- Power grid facilities in potential flood zones were monitored, and the list of such families was updated. According to the monitoring results, up to 387 facilities (0.5% of the total number of power facilities) fall into the potential flooding zone, including 110 main grid facilities (24 35–220 kV substations, 86 sections of 35–110 kV overhead lines) and 277 distribution grid facilities (212 10–0.4 kV distribution grid sections and 65 10/0.4 kV transformer substations)
- Exercises were held with territorial bodies of the Russian Unified Emergency Rescue Service (RUERS) to practise the actions of the Company's management bodies, forces and equipment in the event of natural and man-made emergencies/emergencies caused by dangerous weather phenomena during the flooding period
- A total of 54 anti-accident exercises were conducted in the Company's electric grid branches to mitigate potential consequences of flooding of power facilities
- Flood commissions held 11 meetings to review issues on preventing and responding to potential disturbances and/or emergencies at the Company's power facilities during the spring-summer flood period
- Representatives of the Company took part in meetings of the Commissions for Emergency Prevention and Response and Fire Safety of the administrations of Krasnodar Territory and the Republic of Adygeya on the readiness of power grid equipment in the area of operational responsibility of the Company to go through the flooding period of 2022. No claims or complaints were made against the Company by the executive authorities or the above-mentioned commissions
- Overhead power line crossings (1,994 towers) and 89 overhead power grid facilities were inspected; no damage was detected
- Availability and good technical condition of special equipment, vehicles and mechanisms were ensured
- The availability and storage locations of the emergency supplies were checked; the inspection established that the equipment, materials and spare parts of the emergency

supplies are complete as required by the List; the storage conditions of equipment, materials, spare parts, as well as access routes are adequate to ensure prompt loading of materials and equipment for their delivery to accident-caused damage elimination locations

- Checks were carried out to ensure that the teams have all the equipment, gear and protective means, that the accessories, special vehicles, machinery and mechanisms are ready for the work, that communication equipment and notification flow charts are in place and in good working order. The checks did not reveal any violations of the storage rules for protective means, tools and appliances

Readiness checks of the following items were carried out:

- Company’s material and human resources for the mitigation of the disturbance consequences due to the flooding impact on power grid facilities. The inspection results showed that 391 teams, 1,819 people, 754 vehicles, including 22 mobile teams (123 people) equipped with

appropriate technical means (49 units, including 22 motor vehicles, 27 units of special vehicles), tools, rigging gear, sets of spare parts, communication means, emergency sets of special clothing, food rations and financial means are ready to roll

- Watercraft and water pumping equipment. Available watercraft (four small boats including two motorboats with Yamaha-40 engine) and 27 motor pumps are ready for service in case of flooding
- Emergency power supply sources (EPSS). A total of 121 EPSSs with a total capacity of 14,262.5 kW were made available, of which 110 mobile EPSSs with a total capacity of 13,810.5 kW

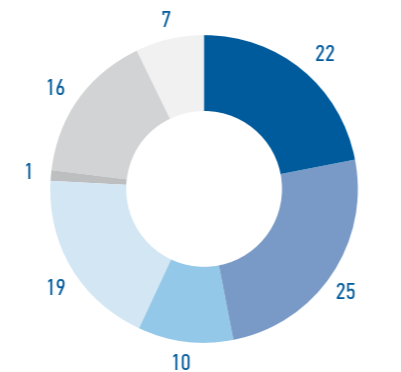
The Company’s Grid Control Centre every day communicated with the regional centres for hydrometeorology and environmental monitoring of the Krasnodar Territory and the Republic of Adygeya and the Sochi Hydrometeorological Centre, as well as crisis management centres of the Chief Directorates of the Ministry of Emergency Situations of Russia in the Krasnodar Territory and the

Republic of Adygeya to obtain operative information on weather conditions and flood situation at the water bodies of the Krasnodar Territory and the Republic of Adygeya.

A total of 32 storm warnings and 103 daily hydrometeorological bulletins on adverse weather phenomena were issued during the flooding period, a 31% increase from 2021. These bulletins included information on the water level rise threat in the rivers of the Krasnodar Territory and the Republic of Adygeya.

In 2020–2022, there were no reported fires, ignitions, or emergency power grid equipment shutdowns because of fire impacts.

**MAIN CAUSES OF ACCIDENTS IN ROSSETI KUBAN POWER GRIDS IN 2022 (%)**



- Exposure to repetitive natural phenomena
- Poor technical condition (ageing) of equipment
- Other operational deficiencies
- Interference of the third parties
- Interference of organisations involved in production process
- Animals and birds
- Design, structural, manufacturing or installation faults (shortcomings)

✓ All activities dictated by the Federal Service for Ecological, Technological, and Nuclear Supervision with a deadline in 2022 were fulfilled and decontrolled.

# DEVELOPMENT OF ADDITIONAL (NON-TARIFF) SERVICES

“ Development of additional (non-tariff) services is one of Rosseti Kuban’s priorities.

In this regard, Rosseti Kuban’s key goals are to expand the market share of additional (non-tariff) services and non-tariff revenues, improve service accessibility and commercialise consumer engagement procedures.

Rosseti Kuban provides a full range of services in accordance with the Unified Consolidated List of Additional (Non-Tariff) Services for Consumers approved by Rosseti, PJSC.

Rosseti Kuban carried out a variety of steps in 2022 as part of the development of additional services:

- Company’s branches established non-tariff services divisions and groups within their customer relations units. The staffing schedules of the Company’s branches were changed. These units are responsible for organising and coordinating the provision of additional (non-tariff) services
- Training seminars were organised and conducted in the area of additional services

- The regulations on the process of implementing additional (non-tariff) services were updated
- Advertising and information activities were implemented to raise consumer awareness of the additional services provided by the Company
- Centralised supply of material and technical resources was organised according to the needs defined on the basis of requests from the Company’s branches. Framework agreements were concluded for the supply of materials for additional services
- New types of additional services were introduced

Revenue from additional services increased significantly over the prior year as a result of the methodical development of new services.

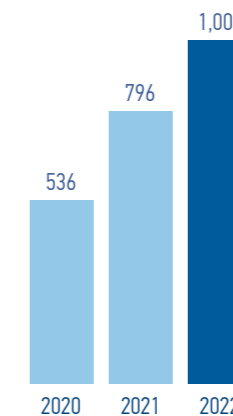


**DMITRY GORYACHEV**  
Head of Non-Tariff Service Development Department

In addition to electricity transmission and grid connection services subject to mandatory state regulation, Rosseti Kuban provides additional (non-tariff) services to consumers:

- equipment leasing and placement services
- repair and maintenance
- construction and installation
- consulting, organisational and technical services
- other services

**DYNAMIC PROFILE OF REVENUE FROM ADDITIONAL SERVICES IN 2020–2022 (RUB MN)**



**1,003.9 RUB mn**  
additional service revenue in the reporting year, (6% more than planned)

**208.1 RUB mn**  
(26%)  
year-on-year increase in revenue from additional services for 2022





## STRUCTURE OF REVENUE FROM ADDITIONAL SERVICES IN 2020–2022

Indicator	UoM	2020	2021	2022	$\Delta$ 2022/2021 (%)
Revenue from sales of additional (non-tariff) services related to other activities	RUB mn	536.4	795.8	1,003.9	+26.1
Equipment leasing and placement services	RUB mn	146.3	162.6	148.9	-8.4
Repair and maintenance	RUB mn	96.2	103.9	344.2	+231.3
Construction and installation	RUB mn	212.9	357.4	399.0	+11.6
Consultancy and organisational & technical services	RUB mn	69.9	169.2	108.3	-36.0
Agency services	RUB mn	0	0	0	-
Communication and information technology services	RUB mn	0	0.003	0.001	-66.7
Other activity services	RUB mn	11.0	2.7	3.5	+29.6
Other services	RUB mn	0	0.035	0	-100.0
Volume (share) of non-tariff revenue in total revenue	%	2.6	3.1	3.4	+0.3 p.p

Maintenance and repair services, diagnostics and testing, construction and installation, renovation and retrofitting of consumers' power grid facilities, services for placement of telecommunications equipment, including fibre-optic communication lines, services for

electricity consumption limitation (restoration) were the key contributors to the revenue in 2022.

The price list for additional (non-tariff) services was updated in 2022; according to it,

the Company provides a full range of services required by consumers in the power supply process; to date, the price list includes 485 services.

## THE LARGEST AGREEMENTS FOR ADDITIONAL (NON-TARIFF) SERVICES IMPLEMENTED IN 2022

S. No.	Name	Non-tariff services of the Company	Volume of revenues (RUB mn)
1	FSUE GUSS	construction and installation works	46.8
2	Metrix-Olginka, LLC	construction and installation works	41.5
3	Talent and Success Educational Foundation	operational maintenance	35.6
4	Transstroyemkhanisatsiya, LLC	construction and installation works	30.3
5	Krasnaya Polyana, NJSC	construction and installation works	18.0
6	SUE Kubanvodokomplekt, Krasnodar Territory	construction and installation works	17.7
7	M.I. Kalinin Agricultural Company, OJSC	construction and installation works	15.8
8	Privolye Agrofirma, LLC	construction and installation works	10.5

## KEY PROJECTS AND MAJOR AGREEMENTS SCHEDULED FOR 2023


S. No.	Name	Non-tariff services of the Company	Volume of revenues (RUB mn)
1	Rosseti, PJSC (as the legal successor of DEUK-ENES, JSC)	repair and maintenance	216.7
2	Transstroyemkhanisatsiya, LLC	construction and installation works	87.2
3	Kubstroy-15, LLC	construction and installation works	68.6
4	Krasnaya Polyana, NJSC	construction and installation works	38.2
5	Talent and Success Educational Foundation	operational maintenance	35.6
6	Slavyansk ECO, LLC	alteration of power grid facilities initiated by third parties (bundled service)	34.2
7	Myastorg, LLC	construction and installation works	20.2
8	Betagan Kuban, LLC	construction and installation works	19.7
9	Energoservice Kuban, JSC	repairs	16.3
10	StroyResource, LLC	construction and installation works	13.1
11	Abrau-Durso Wine Tourism Centre, LLC	construction and installation works	10.0

## TARGETS FOR ADDITIONAL SERVICES (RUB MN)

Indicators	2023 (Plan)	2024 (Forecast)	2025 (Forecast)	2026 (Forecast)	2027 (Forecast)
Revenue	845.0	1,615.6	1,762.8	2,971.7	4,119.0
Expenditures	764.6	1,454.1	1,586.5	2,674.5	3,707.1
Gross profit	80.4	161.5	176.3	297.2	411.9



# INVESTMENT ACTIVITIES

 Investments are the basis of reliable power supply and the most important component of the Company's performance.

The investment programmes of Rosseti Kuban are developed according to the electric power industry prospective development roadmaps for the Krasnodar Territory and the Republic of Adygeya, technical condition of power grids and available financing sources, based on the tariff-and-balance solutions.

Approval and control over the implementation of the Company's investment programmes are with the remit of the Ministry of Energy of Russia.

In 2022, the Company commissioned:

**579 MVA** of transformer capacities  
**1,069 km** of power transmission lines

Six priority facilities that were renovated in 2022 in compliance with the Russian government's directives to build an affordable energy infrastructure for the Republic of Adygeya's industrial and investment sites as well as the implementation of the three-way agreement signed in 2020.



**VIKTOR KORZHANEVSKIY**  
 Deputy General Director for Investment Activities

In the reporting year, the Rosseti Kuban's investment operations were aligned with the delivery of the 2022 investment programme approved by Order of the Russian Ministry of Energy No. 19@ dated 10 November 2022.

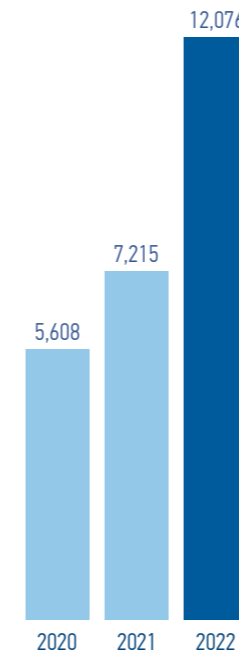
- In 2022, the Board of Directors of the Company reviewed the following issues:
- Draft investment programme for 2023–2027 and amendments thereto for 2018–2022
  - Investment programme progress reports
  - Progress reports on the priority investment projects

## EXECUTION OF THE INVESTMENT PROGRAMME IN 2020–2022

Indicators	2020	2021	2022	Δ 2022/2021 (%)
Financing (RUB mn) <sup>1</sup>	5,608	7,215	12,076	+67
Assimilation of capital investments (RUB mn)	4,658	5,871	11,469	+95
Commissioning as a part of fixed assets (RUB mn)	4,418	5,128	8,634	+68
Commissioning as a part of transformer capacities (MVA)	159	220	579	+163
Commissioning as a part of power transmission lines (km)	593	612	1,069	+75

<sup>1</sup> Hereinafter, in the Investing Activities section, the amount of capital funding is shown without capitalised interest on loans.

### DYNAMIC PATTERN OF THE COMPANY'S CAPITAL FINDING IN 2020–2022 (RUB MN)



As a whole, funding for Rosseti Kuban, PJSC increased in 2022, as compared to 2021

by **67%**.  
 The reasons were associated with the 2021 funding covering the bulk of investment operations in 2022 for the completion of grid connection agreement, and with some items on the Company's Development Plan.

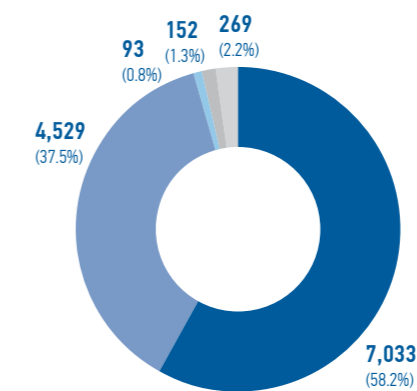
### FOCUS AREAS AND STRUCTURE OF CAPITAL FUNDING

- The main focus areas of the Rosseti Kuban's Investment Programme in 2022:
- Grid connection – **RUB 7,033 million**, including VAT (58.2%)
  - Retrofitting and renovation — **RUB 4,529 million**, including VAT (37.5%)
  - Investment projects under the prospective electric power industry development roadmap – **RUB 93 million** (0.8%)
  - Other new construction – **RUB 152 million**, including VAT (1.3%)
  - Other investment projects funded for **RUB 269 million**, including VAT (2.2%)

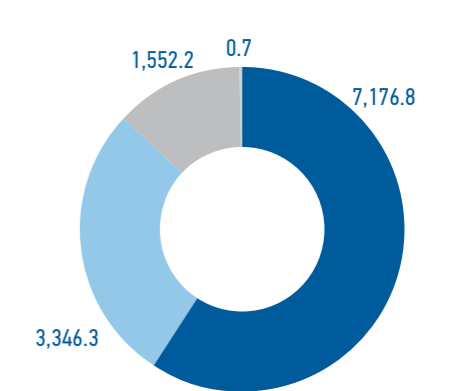
#### STRUCTURE OF CAPITAL FUNDING OF ROSSETI KUBAN (RUB MN)

Rosseti Kuban, PJSC	2020	2021	2022
	actual	actual	actual
<b>Total</b>	<b>5,608</b>	<b>7,215</b>	<b>12,076</b>
Grid connection	2,895	4,370	7,033
Renovation, upgrading and retrofitting	2,046	2,592	4,529
Investment projects under the prospective electric power industry development roadmap	207	30	93
Other new construction of power grid facilities	27	5	152
Other investment projects	433	218	269

#### FINANCING STRUCTURE OF ROSSETI KUBAN IN 2022 (RUB MN)



#### SOURCES OF FUNDING FOR THE 2022 INVESTMENT PROGRAMME (RUB MN)



- Grid connection
- Renovation, upgrading and retrofitting
- Investment projects which are driven by the roadmaps for long-term development of the electric power sector
- Other new construction
- Other projects
- Own funds
- Other own funds (received from the placement of additional shares, others)
- Grid connection fees
- Borrowed funds



## LONG-TERM INVESTMENT PROGRAMME

### PARAMETERS OF THE COMPANY'S LONG-TERM INVESTMENT PROGRAMME FOR 2023–2027<sup>1</sup>

Indicators	Period						
	2021 (actual)	2022 (actual)	2023 (plan)	2024 (plan)	2025 (plan)	2026 (plan)	2027 (plan)
Financing (RUB mn)	7,215	12,076	11,466	5,705	6,044	6,279	6,499
Assimilation of capital investments (RUB mn)	5,871	11,469	8,045	5,160	4,639	5,835	4,480
Commissioning as a part of fixed assets (RUB mn)	5,128	8,634	11,925	4,196	4,933	4,816	6,546
Commissioning as a part of transformer capacities (MVA)	220	579	476	144	64	154	373
Commissioning as a part of power transmission lines (km)	612	1,069	726	451	509	493	907

The primary focus of the Rosseti Kuban's long-term investment programme will be on renovation, upgrading and retrofitting of power grids.

## CAPITAL CONSTRUCTION QUALITY CONTROL

Construction oversight is enforced by Decree No. 468 of the Government of the Russian Federation on the procedure for construction oversight during construction, renovation and overhaul of capital construction facilities dated 21 June 2010. Its aim is to check the compliance of work fulfilled during

the construction, renovation and overhaul of capital construction facilities with the requirements of project design documents, technical regulations, land plot development plan and engineering survey results.

Independent expert and inspection entities were involved in the construction oversight at seven facilities with a voltage of 35 kV and above, where construction and installation operations were carried out in 2022.

## KEY INVESTMENT PROJECTS WITH COMPLETED CONSTRUCTION IN 2022

Facility	Construction period		Capacity commissioned		Investment amount (RUB mn, excl. VAT)
	start	end	km	MVA	
Renovation of the 110/35/10 kV Pochtovaya substation. Replacement of two 10 MVA T-1 and T-2 transformers with two 40 MVA transformers	2016	2022	0	80	473.2
Renovation of the 110/35/10/6 kV Cheremushki substation, including replacement of the 2.5 MVA T-3 transformer with 25 MVA transformer and installation of the 25 MVA T-4 transformer	2020	2022	0	50	569.8
Renovation of the 35/10 kV Kombizavod substation with replacement of two 2.5 MVA transformers by two 6.3 MVA transformers	2016	2022	0	12.6	171.1
Renovation of the 35/10 kV Sadovaya substation with installation of a 10 MVA T-2 transformer and construction of a incoming 35 kV overhead line with changes in the substation's connection to the grid	2020	2022	2.03	10	269.4
Renovation of the 35/10 kV Tul'skaya substation, with replacement of two 4 MVA transformers with two 10 MVA transformers	2020	2022	0	20	127.0
Renovation of the 110/35/10/6 kV Severnaya substation, including replacement of the 4 MVA T-3 transformer with 25 MVA transformer and installation of the 25 MVA T-4 transformer	2022	2022	0.27	50	476.0
Renovation of the 35/10 kV Enem substation, with replacement of two 5.6 MVA transformers with two 10 MVA transformers	2016	2022	0	20	245.6

<sup>1</sup> Plans for the long-term investment programme of Rosseti Kuban, PJSC were approved by Order No. 19@ of the Ministry of Energy of Russia dated 10 November 2022.

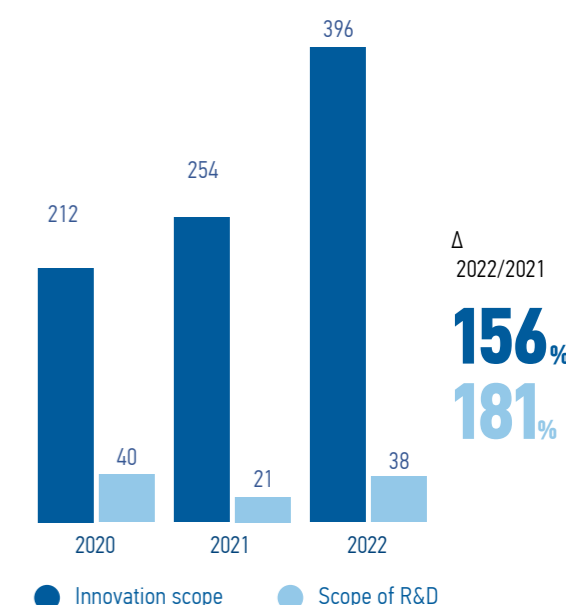
# INNOVATIVE ACTIVITIES

The Company's Board of Directors designated innovative development along with the supervisory follow-up of the existing Innovative Development Programme as the priority area of the Company's activities on 30 March 2021 (Minutes No. 426/2021).

Key areas of the Innovative Development Programme for 2020–2024, with an outlook until 2030 approved by the Board of Directors of Rosseti Kuban on 13 October 2021 (Minutes No. 450/2021):

- Transition to smart 35–110 (220) kV substations
- Transition to smart grids with a distributed intellectual automation and control system
- Transition to integrated business process efficiency and automation of control systems
- Application of advanced technology solutions and materials in power engineering
- Promotion of an innovative development management system and shaping of an innovative infrastructure

### KEY INDICATORS FOR INNOVATION ACTIVITIES OVER 2020–2022 (RUB MN)



## COMPANY'S MAIN INNOVATIVE PROJECTS IMPLEMENTED IN 2022



### Creation of a smart metering system in the branches of Rosseti Kuban

#### Project implementation

Implementation timeframe: 2020–2030

In the reporting year, innovative smart electricity meters were installed in all branches of the Company.

Smart meters are introduced across the Company within the framework of the Rosseti Kuban's Investment Programme to create a metering system as required by Federal Law No. 522-FZ dated 27 December 2018 On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Electricity (Capacity) Metering Systems in the Russian Federation. In the reporting year, smart meters also were installed during the grid connection of new consumers of a capacity of up to 15 kW.

The project aims to create a smart metering system and integrate it into the innovative systems being established: supervisory control and data acquisition system (SCADA), distribution management systems (DMS), and outage management systems (OMS).

#### The expected effect:

- Reduced operating costs by remotely taking readings and parameters of electricity supply to electricity consumers
- Possibility of remote restriction and restoration of power supply to electricity consumers



### Development of Rosseti Kuban's production asset management system (PAMS)

#### Project implementation

In the reporting year, the PAMS Development Plan and its Resource Plan for 2022–2024 were approved.

#### The expected effects:

- Increased efficiency of staff time utilisation in real time
- Improvement of operational processes, integrated processing of available data in different automated systems in the process of production asset management, expansion of the functionality of the systems

- Upgraded control over the creation of production programmes by making baseline data available, on the basis of which the type of technical intervention (maintenance and repair/maintenance and renovation) is chosen
- Higher transparency of the Company's activities, access to information at all management levels of power grid facilities

## COMPANY'S SPENDING ON INNOVATIVE DEVELOPMENT

### COSTS IN THE MAIN AREAS OF INNOVATIVE DEVELOPMENT IN 2020–2022 (RUB MN, EXCL. VAT)

Innovative development focus areas	2020 actual	2021 actual	2022 plan	2022 actual
Transition to smart 35–110 (220) kV substations	29.30	0.00	0.0	0.0
Transition to digital smart grids with a distributed intellectual automation and control system	180.15	229.1	300.8	392.5
Transition to integrated business process efficiency and automation of control systems	0.00	13.4	9.0	3.8
Application of advanced technology solutions and materials in power engineering	2.32	11.4	7.39	0.0
Promotion of an innovative development management system and shaping of an innovative infrastructure	0.64	4.2	0.5	0.5

## RESEARCH AND DEVELOPMENT



Among other things, the Company's Innovative Development Programme focuses on research and development (R&D) meant to promote cutting-edge technologies to create fundamentally novel methods, as well as applied research meant to improve the existing technologies.

The design of four R&D projects was completed in 2020–2022. In 2022, phases of four R&D projects were accepted.

### R&D RESULTS IN 2022



### Transition to smart 35–110 (220) kV substations

R&D description	Technical result
Development of a unified IoT platform <sup>1</sup> for dispatching substation equipment status data	<p>Implementation timeframe: 2021–2023</p> <ul style="list-style-type: none"> <li>• Design and software documentation for a prototype of a unified IoT platform for dispatching of substation equipment status data was developed</li> <li>• A prototype of a unified IoT platform for dispatching of substation equipment status data was manufactured and is ready for testing in the laboratory</li> <li>• Test programme and procedure were developed, taking into account issues of electromagnetic compatibility and cybersecurity</li> <li>• Draft specifications for a unified IoT platform for dispatching of substation equipment status data were developed</li> <li>• Operational documentation for a unified IoT platform for dispatching of substation equipment status data was developed</li> </ul>



### Transition to integrated business process efficiency and automation of control systems

R&D description	Technical result
Study of the increment rate of key forest-forming tree species depending on climatic zones and soil quality along the right-of-ways of operating overhead lines with the preparation of regional maps for regular clearing of overhead line forest corridors and provision of recommendations on technique of works	<p>Implementation timeframe: 2020–2022</p> <ul style="list-style-type: none"> <li>• Regional geo-information databases (digital layers) were developed to characterise the required frequency of clearing overhead line forest corridors from tree and shrubs</li> <li>• Recommendations on the frequency and methods of clearing overhead line forest corridors were developed</li> <li>• Geo-information databases (digital layers) were developed and prepared for integration into the information support of Rosseti's regulatory and reference information, the unified geoinformation system of Rosseti and regional centres of Rosseti Kuban's geoinformation system</li> <li>• Proposals for the creation of an information system for the annual monitoring of overgrowth and clearing of overhead line forest corridors from trees and shrubs</li> </ul>
Development of a software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data, with the provision of relevant recommendations to operating personnel	<p>Implementation timeframe: 2021–2022</p> <ul style="list-style-type: none"> <li>• Pilot testing was carried out, accumulating the necessary amount of data for model training: the forecasting software is now in a trusted mode of operation</li> <li>• The forecasting software package was finalised based on the pilot testing results, in line with suggestions</li> </ul>
Automated classification of accidents based on machine learning methods	<p>Implementation timeframe: 2021–2023</p> <ul style="list-style-type: none"> <li>• Set of machine learning algorithms is identified that meets the previously-defined criteria for the analysis of the prepared dataset and classification</li> <li>• Machine learning algorithms were trained and validated, with accuracy evaluation</li> <li>• Control procedures were described and implemented during validation</li> <li>• Algorithms that show the best results (and meet the functional and technical requirements) are generated</li> </ul>

In 2020–2022, four copyright protection documents were obtained: two state registration certificates for a computer programme, one state registration certificate for a database and one patent for an invention. Three licensing agreements were signed for R&D results, and two R&D results were implemented in the production activities of Rosseti Kuban.

<sup>1</sup> IoT means Internet of Things, a set of physical objects that are connected to the Internet and exchanging data. An IoT platform is a software designed to connect the Internet of Things (sensors, controllers and other devices) to the cloud and access them remotely. It is a mediator between the hardware level (sensor level) and the application level.



# FINANCIAL RESULTS

## TARIFF POLICY AND TARIFFS FOR THE COMPANY'S SERVICES

### Company's Tariff Policy

Prices (tariffs) for the Company's power transmission services and the grid connection fees are regulated by the state and set according to STRD-KT orders. In the Krasnodar Territory, the Republic of Adygeya and the federal territory Sirius, where the Company operates, there are unified prices (tariffs) for each group of electricity consumers.

The main legal acts regulating relations in setting the controllable tariffs and the practice of their application are as follows:

- Federal Law On Electric Power Industry No. 35-FZ dated 26 March 2003 (as amended)
- Decree of the Government of the Russian Federation On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry No. 1178 dated 29 December 2011 (as amended)
- Orders of the Federal Tariffs Service of Russia:

– On Approval of the Guidelines for the Calculation of Tariffs for Electricity Transmission Services Established Using

the Required Gross Revenue Long-term Indexation Technique No. 98-e dated 17 February 2012

– On Approval of the Guidelines for the Calculation of Regulated Tariffs and Prices for Electric (Thermal) Energy in the Retail (Consumer) Market No.20-e/2 dated 6 August 2004

- Order of the FAS of Russia No. 1135/17 dated 29 August 2017 On Approval of the Methodological Guidelines for Determining the Grid Connection Fee (the document was rendered invalid by Order No. 490/22 of the FAS of Russia dated 30 June 2022)
- Order of the FAS of Russia No. 490/22 dated 30 June 2022 On Approval of the Methodological Guidelines for Determining the Grid Connection Fee (entered into force on 2 September 2022)

### Tariffs for Electricity Transmission Services

Starting from 2018, Rosseti Kuban moved to another long-term tariff regulation period for electricity transmission services for a period of five years. Rosseti Kuban's power transmission tariffs and long-term regulatory parameters for 2018–2022 were set by the STRD-KT using the required gross revenue long-term indexation method.

Order of STRD-KT No. 44/2021-e dated 27 December 2021 (as amended and supplemented) approved the unified common-pot tariffs for electricity transmission services, which had not been revised during the regulation period.

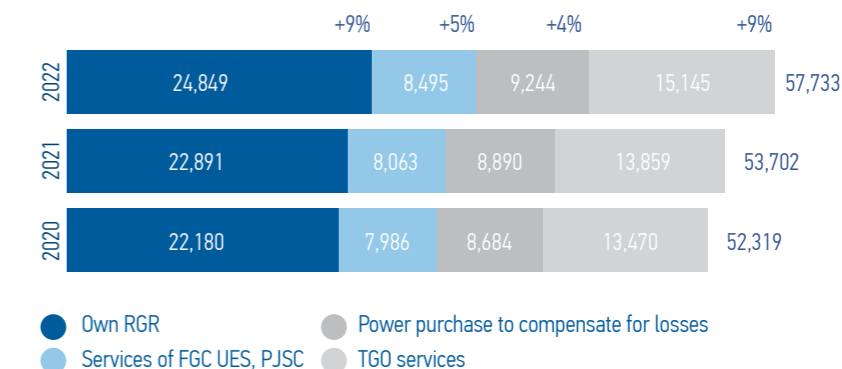
Information on tariffs for electricity transmission services in 2022 is available on the Company's official website in the To Consumers/Electricity Transmission/Tariffs for Electricity Transmission Services section.

### TARIFF INDICATORS FOR THE COMPANY'S ELECTRICITY TRANSMISSION SERVICES FOR 2020–2022

Indicators	2020	2021	2022	Δ 2022/2021 (%)
RGR for electricity transmission, approved as part of tariff balance solutions, including: (RUB mn)	52,319	53,702	57,733	7.51
→ own RGR (RUB mn)	22,180	22,891	24,849	8.55
→ Services of FGC UES, PJSC (RUB mn)	7,986	8,063	8,495	5.36
→ Expenses for purchase of electricity losses (RUB mn)	8,684	8,890	9,244	3.98
→ Expenses for TGO services (according to the effective contractual scheme) (RUB mn)	13,470	13,859	15,145	9.28
Common-pot electricity net delivery (mn kWh)	19,670	19,483	19,955	2.42
Average tariff for electricity transmission services (RUB/kWh)	2.65990	2.75633	2.89321	4.97

The tariffs for electricity transmission services in the grids of the Krasnodar Territory, the Republic of Adygeya and the Sirius federal territory for 2022 are set for the "other consumers" group at the ceiling maximum tariff levels adopted by the FAS of Russia for 2022, with an increase since 1 July 2022 for all voltage levels: by 3% – flat-rate tariff, 4.7% – rate for payment of technological consumption (losses) of electricity, 29% – rate for maintenance of power grids, as well as Since 1 December 2022 with an increase of 9% for all voltage levels to the approved tariffs for the second half of 2022.

### DYNAMIC STRUCTURE OF RGR FROM ELECTRICITY TRANSMISSION BY ROSSETI KUBAN (RUB MN)



### Grid connection fee

For 2022, in accordance with the Methodological Guidelines for Determining the Grid Connection Fee approved by Order of the FAS of Russia No. 1135/17 dated 29 August 2017

(hereinafter – Guidelines 1135/17), Order of the STRD-KT No. 46/2021-e dated 29 December 2021 established standardised

tariff rates, rates per unit of maximum capacity and formulae for calculating the grid connection fee for consumer terminals.

Rosseti Kuban's detailed information on the established standardised tariff rates and the fee rates per unit of maximum capacity for grid connection for 2022 is available on the Company's website in the To Consumers / Grid Connection / Tariffs for Grid Connection section.

### INDICATORS OF GRID CONNECTION FEE OF THE COMPANY FOR 2020–2022

Indicators	UoM	2020	2021	2022	Δ 2022/2021 (%)
Standardised tariff rates to cover expenses for grid connection of consumer terminals, power grid facilities owned by grid organisations or other entities, for the measures specified in clause 16 of the guidelines and fee rates per unit of maximum capacity	RUB/connection	10,860.59	11,486.68	12,522.51 / 14,305.13 <sup>1</sup> (since 01.12.2022)	+9.0 (from 01.01.2022 to 01.12.2022) / +14.2 (since 01.12.2022)
	RUB/kW	667.39	636.62	638.66 <sup>2</sup>	+ 0.3

Since 1 July 2022, the legal framework governing the grid connection pricing has been changed. According to the changes to the regulatory framework, the rates per unit of connected capacity were excluded, and the fee for subsidised category of applicants of up to 15 kW, for which the connection fee until 1 July 2022 was RUB 550 (including VAT) per connection, was changed. Since 1 July 2022, a subsidised connection rate per 1 kW of maximum capacity has been introduced for these applicants, provided that they are

connected according to the third reliability category to the power grid of a voltage class not exceeding 20 kV, with the distance from the property boundaries of the applicant to the power grid not exceeding 300 metres in cities and towns and not exceeding 500 metres in rural areas. Subsidised rate for applicants in the Krasnodar Territory, Republic of Adygeya and Sirius federal territory is set by the decision No. 12/2022-e dated 6 July 2022 in amount of RUB 3,000 (including VAT) per 1 kW connected capacity; the rate was then revised by Decision

No. 38/2022-e dated 25 November 2022 and since 1 December 2022 equals RUB 4,256 (including VAT).

However, for individuals belonging to socially disadvantaged categories (low-income families, veterans, disabled people, Chernobyl victims and families with many children) the fee for grid connection of facilities with capacity of up to 15 kW is set at RUB 1,000 (including VAT) per 1 kW of the requested capacity.

<sup>1</sup> Based on STRD-KT Order No. 38/2022-e dated 25 November 2022, a new rate of RUB 14,305.13 per connection was approved as of 1 December 2022.

<sup>2</sup> By STRD-KT Order No. 17/2022-e dated 12 September 2022, the rates determining the amount of grid connection fee of territorial grid organisations, per unit of maximum capacity, were abolished from 23 September 2022 as a result of amendments to the legislation.

## FINANCIAL (ACCOUNTING) STATEMENTS OF ROSSETI KUBAN, PJSC



**LYUDMILA  
LOSKUTOVA**

Chief Accountant —  
Head of the Department of Financial  
Records, Accounts and Tax Returns

“ The accounting (financial) statement of Rosseti Kuban for 2022 was prepared under the laws of the Russian Federation. The Company received the auditor’s opinion that the statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, as well as its financial performance and cash flows in 2022, in compliance with the accounting (financial) reporting standards set in the Russian Federation.

”

The accounting (financial) statements of Rosseti Kuban, PJSC were prepared in accordance with the accounting and reporting regulations applicable in the Russian Federation, in particular Federal Law No. 402-FZ dated 6 December 2011 “On Accounting”, Regulations on Accounting and Reporting in the Russian Federation approved by Order of the Russian Ministry of Finance No. 34n dated 29 July 1998 (with subsequent amendments and additions), Federal Accounting Standards approved by the orders of the Russian Ministry of Finance, as well as in accordance with Rosseti’s Corporate Standard “Uniform Corporate Accounting Principles for Book Purposes”.

The annual RAS financial statements of Rosseti Kuban for 2022 include (please see Appendix No. 4):

- Balance Sheet
- Profit and Loss Statement
- Statement of Equity Change
- Statement of Cash Flows
- Notes
- Auditor’s opinion

In accordance with the opinion of the internal audit of the Company on assessment of efficiency and quality of the external audit process of the financial (accounting) statements of Rosseti Kuban for 2022:

- procedures conducted by TsATR – Auditing Services, LLC in the course of the external audit of the RAS-compliant financial (accounting) statements of the Company for 2022 comply with the terms of the Agreement and the requirement of Federal Law On Auditing No. 307-FZ dated 30 December 2008
- independent auditor’s report on the Company’s 2021 financial (accounting) statements was prepared in accordance with Federal Law On Auditing No. 307-FZ dated 30 December 2008 and international auditing standards; the report contains an opinion on the entity audited (Rosseti Kuban, PJSC) expressed in the prescribed form

### Basic Provisions of the Accounting Policy of Rosseti Kuban

The Company maintains its accounting records of fixed assets in accordance with Federal Accounting Standard FAS 6/2020 Fixed Assets approved by Order of the Russian Ministry of Finance No. 204n dated 17 September 2020. Items of fixed assets are entered into the books at their historical cost, which is determined according to the method of receipt, i.e., purchase for a fee, creation using own resources, construction, free of charge, etc.

Borrowing costs related to the formation of an investment asset (items of fixed assets, property complexes and other similar assets that require a large amount of time and expense to acquire and/or build) are included in the value of the depreciable asset.

Items of fixed assets are depreciated on a straight-line basis over their useful lives.

Profit or loss from the disposal, write-off and gratuitous transfer of fixed assets is recorded in the Profit and Loss Statement, within other income and expenses.

Fixed assets include the lease rights in accordance with the Federal Accounting Standard on Lease Accounting (FAS 25/2018), taking into account exemptions for leases with a term of less than 12 months or lease items with a market value not exceeding RUB 300,000. The useful lives of the lease rights are determined on the basis of the lease terms.

Stock accounting of the Company is in accordance with the Federal Accounting Standard on Stocks FAS 5/2019 approved by Order of the Ministry of Finance of the Russian Federation No. 180n dated 15 November 2019.

The accounting of revenue and other earnings is maintained by the Company in compliance with Russian Accounting Standards (PBU 9/99) “Income of the Organisation” approved by the Order of the Ministry of Finance of Russia No. 32n dated 6 May 1999.

The Company prepared provisions resulted from potential compensation payments for carry-over vacations, unsettled claims from power suppliers to compensate for losses and electricity transmission services, judicial proceedings and other payments to employees in accordance with PBU 8/2010 “Provisions, Contingent Liabilities and Contingent Assets” approved by Order of the Ministry of Finance of Russia No. 167n dated 13 December 2010.

The Company makes provisions for doubtful accounts receivable that are outstanding or highly unlikely to be repaid when due under the agreement and are not secured by relevant guarantees.

The Company holds a reserve for the impairment of financial investments in case of their sustained considerable decline in their value.

### Prior Adjustments

In accordance with paragraph 50 of FAS 25/2018 Lease Accounting, the Company chose the option of a simplified transition method with a single recognition of the lease right and the lease liability at the beginning of the reporting period (end of the period preceding the reporting period). The value of the lease right recognition is assumed to be its fair value, the value of the lease liability is assumed to be the discounted value of the remaining lease payments outstanding discounted at the rate at which the Company has borrowed or could have borrowed funds on terms comparable to those of the lease.

Under the transitional provisions of FAS 6/2020 Fixed Assets, the Company made adjustments to the carrying amount of fixed assets by adjusting the useful life and accumulated depreciation of items of fixed assets in service. There was a one-off write-down of items of fixed assets, which were recognised in fixed assets under the previous accounting policy, but which under the new standard are not considered to be fixed assets.

The Company prepared consolidated financial statements in compliance with the requirements of Federal Law No. 208-FZ “On Consolidated Financial Statements” dated 27 July 2010 (Appendix No. 5).

### Consolidated financial statements

The consolidated financial statements of Rosseti Kuban, PJSC and its subsidiaries for the year ended 31 December 2022 were prepared in accordance with Federal Law No. 208-FZ “On Consolidated Financial Statements” dated 27 July 2010 and in accordance with International Financial Reporting Standards IAS 1 “Presentation of Financial Statements”, IFRS 10 “Consolidated Financial Statements” and includes:

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information
- Independent auditor’s report

The consolidated financial statements include through consolidation two subsidiaries with 100% share of Rosseti Kuban in their authorised capital: Energoservice Kuban, JSC, Energetik Health Resort, JSC.

### Auditor’s details

Rosseti, PJSC conducted an electronic tender on behalf of the Company for the right to enter into an agreement for services for the mandatory annual audit of RAS statements and the audit of IFRS statements of S&As of Rosseti, PJSC for 2022. The winner was the leader of the collective participant, TsATR – Audit Services, LLC (INN 7709383532), a member of the joint participant, Delovoy Profil Audit Company, JSC (INN 7735073914) (Minutes of the Tender Commission Meeting No. 7/468r dated 12 May 2022). TsATR – Audit Services, LLC is a member of the

Self-Regulating Organisation of Auditors — Commonwealth Association; it is included in the Register of Auditors and Audit Organisations of the said association under the primary registration No. 12006020327.

The Auditor was approved by the resolution of the annual General Meeting of Shareholders of Rosseti Kuban, PJSC (Minutes No. 48 dated 21 June 2022).

Full name of the audit firm:  
Limited Liability Company Audit Technology  
and Solutions Centre – Audit Services

Abbreviated name of the audit firm:  
TsATR – Audit Services, LLC

Location and postal address:  
77 Sadovnicheskaya Naberezhnaya, bldg 1,  
Moscow, 115035, Russia

Tel./fax: +7 (495) 755-97-00

Website: [b1.ru](http://b1.ru)

The cost of services of the auditor of the Company – TsATR – Audit Services, LLC in 2022 for the audit of the RAS accounting (financial) statements and the audit of the IFRS consolidated financial statements of the Company was RUB 5,236,801.76, including 20% of VAT. There are no deferred and overdue payments for services rendered by the auditor.

During 2022, TsATR – Audit Services, LLC did not provide any related services to Rosseti Kuban, PJSC.



## RESULTS OF FINANCIAL AND ECONOMIC ACTIVITIES

KIRILL  
IORDANIDIDeputy General Director  
for Economics and Finance

“ According to the year-end results, the Company managed to maintain an upward trend in net profit growth. The financial result for 2022 was RUB 5.24 billion, an increase of RUB 3.53 billion from 2021, due to the growth in services rendered and cost optimisation.

The Company's management took exhaustive measures to contain cost and debt portfolio growth, optimise interest expenses, improve the efficiency of the procurement management system, reduce the unit cost of energy equipment operation, reduce grid losses and improve energy efficiency.

”

Revenue from sales of services (total) was

**63,738.9** RUB mn

which is RUB 6,069.2 million more than for the same period in 2021 (RUB 57,669.7 million)

Including:

- Revenue for electricity transmission services amounted to **RUB 61,452.9 million**, which is RUB 6,926.6 million more than in 2021 (RUB 54,526.3 million) due to the effect of approved tariffs for electricity transmission services for 2022, as well as an increase of 943 million kWh (4%) in the volume of electricity transmission services rendered
- Revenue from grid connections totalled **RUB 1,282.1 million**, or RUB 1,065.6 million less than the actual figures for 2021 (RUB 2,347.7 million), due to the execution of grid connection contracts in 2021 with major applicants, including Stage 1 under the agreement with Caspian Pipeline Consortium – Russia, JSC (revenue of RUB 729 million) and the agreement with Novoroslesexport, JSC (revenue of RUB 361 million)
- Revenue from other activities amounted to **RUB 1,003.9 million**, which is RUB 208.1 million more than the actual parameters for 2021 (RUB 795.8 million).

The self-cost (including administrative costs) for 2022 was

**53,153.7** RUB mn

which is RUB 3,099.2 million higher than the actual 2021 figure (RUB 50,054.5 million)

The increase is due to higher expenses for services of distribution grid companies, purchased electricity for loss compensation, electricity transmission services of FGC UES, PJSC (as a UNPG management organisation), higher expenses for maintenance and repair materials and higher personnel costs.

Pre-tax profit was

**7,180.4** RUB mn

an increase of RUB 4,481.7 million over the 2021 parameters

The financial result (profit) of the Company for 2022 was

**5,244.5** RUB mn

which is higher than in 2021

The main factors that influenced the financial result:

⊕ Increase in revenue by RUB 6,069.2 million

⊖ Increase in the self-cost including administrative expenses by RUB 3,099.2 million (7%) compared to 2021 parameters

⊕ Improvement in the balance of other income and expenses from profits by RUB 1,511.8 million compared to the 2021 parameters

⊖ Increase in income tax by RUB 949.0 million compared to the 2021 parameters

## THE MAIN FINANCIAL AND ECONOMIC INDICATORS OF THE COMPANY FOR 2020–2022

Sl. No.	Indicator	2020	2021	2022	Δ 2022/2021 (%)
<b>Indicators from the Company's RAS accounting (financial) statements<sup>1</sup> (RUB mn)</b>					
1	<b>Revenue from sales of products (services), including:</b>	49,370	57,670	63,739	11
1.1	→ from electricity transmission	48,102	54,526	61,453	13
1.2	→ from grid connection	731	2,348	1,282	-45
1.3	→ from electricity sales	0	0	0	0
1.4	→ from other activities	536	796	1,004	26
2	<b>Cost of products (services)</b>	-46,800	-49,903	-52,991	6
3	Gross profit	2,569	7,767	10,748	38
4	Administrative expenses	-175	-152	-163	7
5	Selling and marketing expenses	0	0	0	0
6	Profit (loss) from sales	2,394	7,615	10,585	39
7	Interest receivable	29	28	109	289
8	Interest payable	-1,593	-1,553	-2,663	71
9	Income from shareholdings	0.7	20	0	-100
10	Other revenues, total	1,563	1,414	3,558	152
11	Other expenses, total	-3,778	-4,826	-4,409	-9
12	<b>Profit (loss) before tax</b>	-1,384	2,699	7,180	166
13	Income tax and other charges	-117	-987	-1,936	96
14	<b>Financial result</b>	-1,501	1,712	5,244	206
15	<b>EBITDA<sup>2</sup></b>	4,756	8,879	16,141	82
<b>Indicators calculated on the basis of the Company's IFRS consolidated financial statements</b>					
16	Net debt/EBITDA (units)	4.25	2.25	1.28	-0.97
17	Current liquidity ratio (units)	0.61	0.55	0.57	0.02
18	Financial leverage (units)	1.31	1.17	1.16	-0.01
19	Share of non-current borrowings (%)	77.13	76.19	77.57	1.38
20	Net cash flow (RUB mn)	320	4,131.0	4,112.0	-19

## BONDED LOANS

The Programme for Exchange Bonds series 002P of Kubanenergo, PJSC was approved by the resolution of the Company's Board of Directors on 20 September 2016 (Minutes No.251/2016); ID number 4-00063-A-002P-02E was assigned to the programme on 24 October 2016.

The programme provides for the placement of exchange-traded bonds with a total nominal

value of up to RUB 25 billion and a term of up to 30 years. There was no placement of the bonds under this Programme in the reporting year.

The list of securities admitted to trading on Moscow Exchange, PJSC includes documentary interest-bearing non-convertible bearer-payable exchange-traded bonds with mandatory centralised custody of Series 001P-01 placed in 2015 under the Exchange-Traded Bond

Programme with identification number 4-00063-A-001P-02E dated 26 August 2015, in the amount of RUB 3.6 billion. On 31 January 2020, in accordance with the decision of the Board of Directors (Minutes No. 371/2019 dated 30 December 2019), the Company repurchased those bonds in full before maturity.

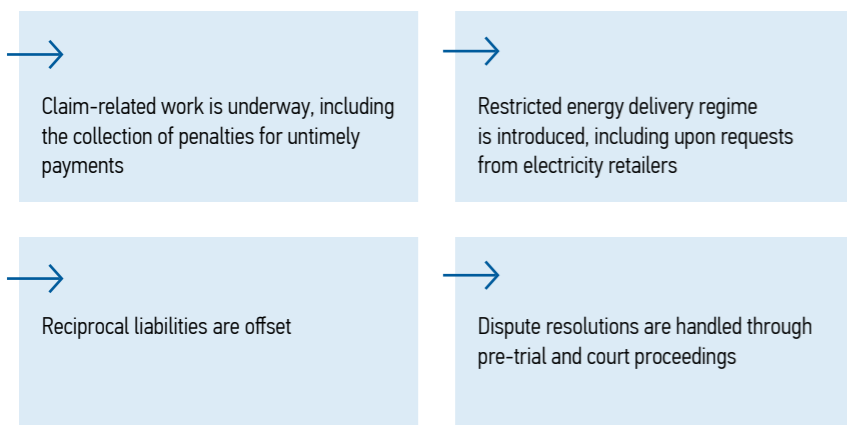
<sup>1</sup> The following data were used to calculate the indicators:

- for 2020 — Profit and Loss Statement for January – December 2021 ("in 2020" column)  
- for 2021 — Profit and Loss Statement for January – December 2022 ("in 2021" column)  
- for 2022 — Profit and Loss Statement for January – December 2022 ("in 2022" column).

<sup>2</sup> EBITDA indicator was calculated as follows: EBITDA = Profits before tax – Interest payable + Depreciation.

## DEBTOR MANAGEMENT FOR ELECTRICITY TRANSMISSION SERVICES

In order to reduce accounts receivable, the Company implements the following measures



At the end of 2022, receivables for electricity transmission services increased by RUB 0.6 billion to RUB 7.7 billion as at 31 December 2022.

The rise in electricity transmission service receivables is a result of an increase in revenue for those services in 2022.

### THE RESULTS OF THE COMPANY'S ACTIVITIES AIMED AT THE REDUCTION OF SUBCONTRACTOR ACCOUNTS RECEIVABLE FOR ELECTRICITY TRANSMISSION SERVICES

Indicator	2019	2020	2021	2022
Positive judicial rulings / Amount claimed	174 cases / RUB 7,325.74 mn	149 cases / RUB 8,747.78 mn	204 cases / RUB 5,452.4 mn	294 cases / RUB 337.94 mn
Ruling against collection / Amount claimed	8 cases / RUB 38.8 mn	1 case / RUB 1.06 mn	2 cases / RUB 1.8 mn	2 cases / RUB 8.40 mn
Percentage of claims ruled in favour of the Company (%)	99.5	99.98	99.96	98

### RESULTS OF WORK WITH COUNTERPARTIES IN BANKRUPTCY PROCEEDINGS (RUB MN)

Indicator	2020	2021	2022	Δ 2022/2021 (%)
Number of counterparties in bankruptcy proceedings	23	44	42	-5
The volume of the Company's claims included to the creditor claim list or submitted to the debtors in bankruptcy procedure, regarding the current payments (RUB mn)	760.61	669.23	1,121.49	+68
Total amount of cash received by the Company from counterparties in bankruptcy proceedings (RUB mn)	6.87	0	12.9	+ RUB 12.9 mn
Overdue amounts of counterparties in bankruptcy proceedings (RUB mn)	760.61	920.37	1,362.1	+48
Amount of cash saved by the Company due to the purchase of its own debtors in bankruptcy proceedings through a bidding process (RUB mn)	0.00	0.00	0.00	-

## CONSOLIDATION OF POWER GRID ASSETS

Pursuant to the Development Strategy of the Power Grid Complex of the Russian Federation, namely its goal to reduce the number of TGOs, the Company consolidated the grid assets in the Krasnodar Territory and the Republic of Adygeya during the reporting year. Consolidation work covers TGOs that do not meet the criteria for

classifying owners of power grid facilities as territorial grid organisations, approved by Resolution No. 184 of the Russian Government dated 28 February 2015 "On classifying owners of power grid facilities as territorial grid organisations" as amended from time to time.

Over 2022, Rosseti Kuban consolidated

**17,932.23** c.u.  
with a length of **1,455.59 km**  
and a capacity of **1,498.67 MVA**

### MONITORING OF THE CONSOLIDATION VOLUME OF POWER GRID ASSETS FOR 2020–2022

Method of consolidation	2020			2021			2022		
	Grid assets consolidated over this period			Grid assets consolidated over this period			Grid assets consolidated over this period		
	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
<b>Total:</b>	<b>1,438.1</b>	<b>1,200.4</b>	<b>15,248.9</b>	<b>1,351.2</b>	<b>1,262.2</b>	<b>15,402.7</b>	<b>1,498.67</b>	<b>1,455.59</b>	<b>17,932.23</b>
Acquisition of power grid facilities	0	0	0	0	0	0	0	0	0
Lease of power grid facilities	1,327.8	881.2	10,518.1	1,324.7	1,151.7	14,805.5	1,411.68	938.44	16,217.15
Other (permanent ownership and rights of use)	5.5	29.6	125.1	6.2	34.0	201.3	61.46	427.96	1,202.21
Other (temporary ownership and rights of use)	104.7	289.6	4,605.7	20.3	76.6	395.9	25.53	89.19	512.88



# INFORMATION TECHNOLOGIES AND TELECOMMUNICATIONS

The following initiatives were implemented by the Company in the development of information technology and telecommunications

→

**Functionality of the corporate software package was expanded:**

- Functionality of data exchange with the TP RF Portal (power grid services portal) was improved in terms of accounting for applications received through the Unified Portal of Public Services
- Microgeneration module was implemented to record consumers' applications for grid connection of microgeneration facilities
- Services were developed for data exchange (grid connection applications, customer communications, additional services) between the information systems of Rosseti, PJSC and Rosseti Kuban, PJSC as part of the implementation of the Rosseti Group's Unified Integration Solution. Preliminary tests of the services were carried out jointly with Rosseti Digital IT-integrator
- More than 90 reporting and screen forms were created and elaborated, with 24/7 technical support to users provided

→

**Functionality of the electricity metering information system was expanded in part of:**

- Electricity balancing at all grid levels and analysing imbalances and excessive electricity losses
- Automated data exchange within the information exchange with electricity retailers
- Computer-assisted search for discrepancies in electricity consumption by metering point, during reconciliation with electricity retailers
- Automated downloading of metering and power readings from the Computer-Assisted Acquisition System (CAAS) and the Pyramid-Network Information and Computing System
- Metering and monitoring of metering devices installed for consumers under Federal Law No. 522-FZ dated 27 December 2018 On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Development of Metering Systems for Electricity (Power) in the Russian Federation

→

**In terms of the development of the corporate information system "1C:Enterprise. Production Enterprise Management System (PEMS CIS)":**

- Budgeting subsystem was put into operation,
- Measures were implemented to automate the accounting of and control over certain types of goods and products and the commissioning of grid connection facilities
- The following table shows how the PEMS CIS functionality improvement measures were put in place to comply with RF regulations

Sl. No.	Measures implemented in PEMS CIS	List of regulations
1	Functionality expanded, traceable goods record-keeping tools developed	Federal Law No. 371 dated 9 September 2020 On Amendments to Part One and Part Two of the Tax Code of the Russian Federation and the Law of the Russian Federation On Tax Authorities of the Russian Federation (according to the Federal Law, a traceability system for imported goods is introduced in the Russian Federation) Decree of the Government of the Russian Federation No. 807 dated 25 June 2019 On Conducting an Experiment on the Traceability of Goods Released in the Territory of the Russian Federation under the Customs Procedure of Release for Domestic Consumption
2	Record-keeping of radio electronic products implemented for import substitution of radio electronic products	Decree of the Government of the Russian Federation No. 2013 dated 3 December 2020 On Minimum Procurement of Goods of Russian Origin All-Russian Classifier of Products by Type of Economic Activity, approved by Order No. 14-st of Rosstandart dated 31 January 2014
3	Functionality improved in terms of commissioning of grid connection facilities and monitoring of the actual implementation of the investment programme financed by grid connection funds	Decree of the Government of the Russian Federation On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry No. 1178 dated 30 June 2022
4	A functionality was developed to calculate depreciation and lease liabilities for leased property and leased property	FAS 25/2018 Lease Accounting (approved by Order of the Russian Ministry of Finance No. 208n dated 16 October 2018)

In the reporting year, work continued on setting up integration flows between the Company's electricity transport metering information system and the Unified Customer Interaction Integration Platform of Rosseti Group to meet the requirements of Russian Government Resolution No. 890 dated 19 June 2020 On the Procedure for Providing Access to the Minimum Set of Functions of Smart Electricity (Capacity) Metering Systems.

To improve the reliability of the Company's call centre, the call centre platform was upgraded to introduce Interactive Voice Response (IVR) using Yandex speech synthesiser, to implement a web interface for administration, and to increase the number of concurrent operators from 25 to 30 employees.

The Operational and Technological Control – Kuban information system was developed in order to organise performance control of the Company's dispatching services, to display the status of electrical equipment and weather conditions.

The Salary and Personnel Management automated information system was put into

commercial operation to automate timekeeping and shift scheduling, harmful and hazardous working conditions, personnel and military records, work with manning schedule, calculation of salaries, taxes and insurance premiums, reduced labour intensity of regulated reporting.

In terms of the development of core IT infrastructure and services, the following activities were carried out in 2022:

- The project to migrate the Company's branches to the single domain rosseti-kuban.ru was completed. Subdomain names were deployed for each branch office, and servers and user workstations were migrated
- Garant, Techexpert and Consultant Plus information and reference systems were updated and migrated to new server capacity
- Mail edge servers were updated to the latest versions to meet information security requirements
- Servers of the Intelligent Electricity Metering System (IEMS) and the Pyramid-Network Automated Electricity Control and Metering System (AECMS) were migrated from physical capacities to the virtual platform; static network routes for data transmission

from contractors and Company branches were reconfigured, and AECMS server capacities were modernised and expanded

- As part of the R&D project to develop a software system for assessing and forecasting the technical condition and development of defects in 35-110 kV power transformers (forecasting SW) and the R&D project to develop a unified IoT platform for dispatching data on the condition of the Afipskaya substation equipment, the server equipment was installed and put into operation
- As part of the import substitution programme, domestic operating systems and virtualisation platforms from Astra Linux and ALT Linux were tested
- To manage corporate mobile devices, the Aurora Centre platform was deployed on the Company's server facilities

# DIGITALISATION

On 18 November 2022, the Board of Directors of the Company approved the updated programme on Digital Transformation of Rosseti Kuban, PJSC for the period until 2030 (Minutes No. 499/2022 dated 21 November 2022), hereinafter referred to as the Programme.

The Programme aims to increase the Company's operational efficiency across all functional areas in both traditional and emerging service markets.

 The major goals of the digital transformation are to improve the efficiency of operations and reliability of service delivery, change the logic of processes and offer new services through the introduction of high-tech solutions.

The Programme covers a number of functional areas of Rosseti Group's Digital Transformation Strategy and includes the following projects:

## Functional area of Rosseti Group's Digital Transformation Strategy

### Operation and diagnostics

Project	Expected effects after project completion
R&D: Development of a software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data, with the provision of relevant recommendations to operating personnel	<ul style="list-style-type: none"> <li>Increased reliability and service life of the oil-filled equipment in service and optimisation of processes in the PAMS</li> <li>Reliable mechanism for predicting the development of defects, using objective accumulated industry knowledge and modern data processing methods (BigData technology)</li> <li>Greater value to the end-user of the diagnostic information obtained from the Automated Monitoring and Diagnostics System (AMDS), thus paving the way for the transition from automated monitoring and diagnostic systems, which produce large amounts of diagnostic information that requires expert teams to interpret, to automated condition determination systems that rely on existing standards and allow the formation of an integral assessment for operational decisions on the management of production assets in the context of the common information model (CIM) concept</li> <li>Reduced labour costs and errors in manual data migration thanks to integration into the PAMS</li> </ul>
R&D: Development of a unified IoT platform for dispatching data about the status of substation equipment	<ul style="list-style-type: none"> <li>Reduced investment costs for equipment upgrades through increased observability</li> <li>Increased likelihood of preventing disturbances</li> <li>Reduced installation and maintenance costs for wired communications</li> <li>Reduced labour required for manual entry of measurement data using mobile devices</li> <li>Savings from improved reliability of electricity supply to consumers</li> </ul>
Creation of a distributed automation system in 6–10 kV distribution grids of Seversky PGR, branch of Rosseti Kuban, Krasnodar Power Grids and Dagomyssky PGR branch, Rosseti Kuban, Sochi Power Grids (design and survey work)	<ul style="list-style-type: none"> <li>Improved reliability of services in the electric power sector</li> <li>Increased observability of power grids</li> <li>Reduced capital investment and time for the construction of new or renovation of existing high-voltage transmission lines, by avoiding a change in voltage class (35–110 kV)</li> </ul>

### Sales of services and commercial electricity metering

Project	Expected effects after project completion
Creation of a smart metering system for the retail electricity (capacity) market	<ul style="list-style-type: none"> <li>Achievement of 8.42% electricity losses in the Company's grids by 2025, and 7.42% – by 2030</li> <li>Minimisation of discrepancies in billing for electricity transmission services</li> </ul>

### Information security

Project	Expected effects after project completion
Establishment of a system to protect critical information infrastructure facilities of Rosseti Kuban, PJSC	<ul style="list-style-type: none"> <li>Minimisation of risks associated with the termination of net delivery, downtime of administrative and management personnel due to the realisation of information security threats</li> <li>Compliance with information security directives at critical information infrastructure facilities</li> <li>Minimisation of financial and reputational risks associated with leaks of restricted information</li> </ul>
R&D: Automated classification of accidents based on machine learning methods	<ul style="list-style-type: none"> <li>Reduced overall risk of information security breaches, through timely response to information security threats identified by the system, related to anomalies in the behaviour of LAN nodes and user actions</li> </ul>

In addition, the programme plans to implement a number of PAMS development projects, as well as to participate in centralised projects of Rosseti, PJSC.

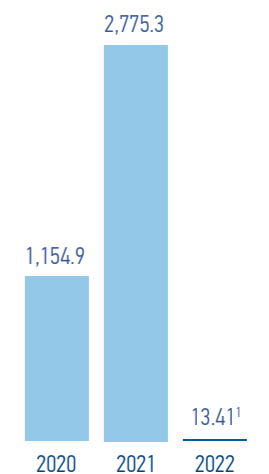
The digital transformation will also affect the following aspects of the Company's operations:

- **IT infrastructure development** – from purchasing software to collaborative development through partnerships and open platforms
- **Implementation of global best practices** – from benchmarking of best practices and purchase of solutions and/or technologies to R&D, development and trial operation of pilot samples and subsequent rollout within Rosseti Group

The Programme contains an action plan for the transition to the predominant use of domestic software for the period of 2022–2024.

The share of expenses on procurement of Russian software and related works (services) in the total expenses on procurement of software and related works (services) in 2022 was 92%, which is 2% higher than in the Programme.

**AMOUNTS OF FUNDING FOR ACTIVITIES OF THE DIGITAL TRANSFORMATION PROGRAMME OF ROSSETI KUBAN IN 2020–2022 (RUB MN)**



 The target model of digital transformation provides for the development of the Company in the main areas of activity: transmission and distribution of electricity, grid connection of consumers and grid development.

<sup>1</sup> The significant decrease in the amount of funding for the activities of the Programme in 2022 is driven by the new principles of the updated Programme; this amount does not include funding for the import substitution plans for software and radio electronic products.







# SUSTAINABLE DEVELOPMENT

The Company’s understanding of sustainable development is consistent with the UN definition: “Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

**168%**

overfulfilment of the staff training plan in 2022

**45.8%**

year-on-year decrease in gross air emissions in 2022

**294.5**  
RUB mn

occupational safety costs in 2022 (+2.5% vs. 2021)



Reliability indicators ( $I_{SAIDI}$ ,  $I_{SAIFI}$ ) of the Company in the reporting year did not exceed the target values.



Level of average wages in the Company for 2022 is competitive and exceeds the regional average wage.



To conserve biodiversity and ensure ornithological safety:

**2,977**  
bird  
diverters

installed

**728.5** KM  
overhead  
lines

built and renovated with the use of self-supporting insulated wires.



The Company is committed to sustainable development through improved consumer energy supply reliability, social responsibility, and innovative development of the power grid complex.



The preservation of the lives and health of its workers while they perform production duties has always been and will always be a top priority for Rosseti Kuban. To achieve this goal, we apply advanced technological solutions, high quality protective equipment, and implement a range of organisational measures.

Occupational health and safety is a system for preserving the life and health of workers in the course of their work activities, including legal, socio-economic, organisational and technical, sanitary and hygienic, therapeutic and preventive, rehabilitative and other measures.

Creating a safe and comfortable working environment and eliminating the risk of occupational accidents is one of the prerequisites for the reliable and efficient operation of a company.

Every manager at all levels is responsible for occupational health and safety within the limits of his/her competence and job responsibilities. The responsibilities of the employer, managers

and employees with regard to occupational health and safety are laid down in the Labour Code of the Russian Federation.

In order to improve the culture of work, safety, priority of occupational safety and to implement a risk-oriented approach in the occupational safety system, the Company has the Zero Accident programme in place. The management of the Company is well-aware that the Zero Accident Concept is a fundamentally new way to organise the Company's whole occupational health and safety system, with a focus on prevention above all else. At the heart of the Zero Accident Concept is a conscious effort by everyone involved in the production process, from the General Director to the employees, to prevent any accidents at work.

The Company's management understands that a safety culture is based on the conscious and wilful engagement of all those involved in the production process, from the General Director to the employees.

The company works to meet the requirements of environmental legislation, to improve the level of industrial and environmental safety and to ensure an effective reduction of the negative impact of production activities on the environment.

Power engineers always excel in professionalism, solidarity, mutual assistance, awareness of their importance and sense of responsibility.

Material topics related to the Company's activities disclosed in the Report:

- Environmental aspects of activities
- Energy saving and energy efficiency
- Social aspects and employee relations issues
- Occupational health and safety
- Consumer relations
- Fight with corruption, influence peddling and bribery of foreign officials

# ENGAGEMENT WITH STAKEHOLDERS

The Company's stakeholders are state bodies, local authorities, public legal entities, shareholders and investors, other legal entities and individuals who may have an interest in the Company's performance and (or) may have a significant impact on the Company's activities and services.

## KEY STAKEHOLDERS OF THE COMPANY

Stakeholders	Stakeholder relations
<b>INTERNAL STAKEHOLDERS</b>	
Company's S&As	<p>These parties are interested in disseminating the best corporate governance practices to them and maintaining their image as part of Rosseti Group. Interaction is effected through the management and control bodies of S&amp;As in accordance with the applicable laws of the Russian Federation and local regulations, joint activities, as well as interaction on current issues within the framework of standard business processes, including reporting</p> <p><a href="#">For more details, please see Appendix No. 3 to the Report.</a></p>
Company personnel. Social partners (trade unions, employers' associations)	<p>These parties are interested in an attractive business culture, competitive wages, social and health benefits, opportunities for personal, professional development and work safety. The interaction ways:</p> <ul style="list-style-type: none"> <li>• Implementation of the Collective Agreement, a succession pool programme and targeted human resources assessment and development projects</li> <li>• Staff training and qualification improvement</li> <li>• Meetings between management representatives and the personnel, professional competitions, cultural and sporting events</li> <li>• Council of Young Professionals and participation in the All-Russian Electrical Trade Union</li> <li>• Adaptation and mentoring for new employees and support for veterans</li> </ul> <p><a href="#">For more details, please see the Human Resources Management subsection of the Sustainable Development section.</a></p>
<b>OPERATING ENVIRONMENT</b>	
Investment community (shareholders and investors)	<p>These parties have an interest in the growth of total shareholder return, including dividend yield and capitalisation of the Company, its development, consideration of the interests of all shareholder groups, information transparency and openness of the Company, efficiency of production activities for sustainable development, and a high level of corporate governance. Interaction is through General Meetings of Shareholders, representation in management and control bodies, as well as through the disclosure of information about the Company</p>







Stakeholders	Stakeholder relations
Consumers of electricity and grid connection services, territorial grid organisations	Interaction is through customer service centres, the power grid services portal of Rosseti Group at <a href="http://www.noptan-trn.ph">www.noptan-trn.ph</a> , and the contact centre with unified federal numbers 8-800-100-15-52 and 8-800-220-0-220. Individuals can also send messages (claims, complaints, applications, requests) through the online reception desk on Rosseti Kuban's official website at: <a href="https://rosseti-kuban.ru">https://rosseti-kuban.ru</a>
<a href="#">For more details, please see the Customer relations subsection of the Sustainable Development section.</a>	
Partners (suppliers, contractors, business partners, professional and industry associations, including international ones)	These parties are interested in mutually beneficial and long-term cooperation, stable financial condition of the Company, timely and accurate fulfilment of contractual obligations, transparency in procurement and rejection of corruption. Interaction is through procurement procedures, negotiations, participation in topic-related forums, seminars and conferences with media participation, and through the corporate website
<a href="#">For more details, please see the Sustainable Development section.</a>	
State (federal, regional and local authorities)	This party is interested in ensuring the reliable and sustainable functioning of the energy system, discussing and reviewing government projects and decisions related to industry regulation, cooperating on planning and implementing territorial development programmes in the region of operation, participating in the Energy Strategy of Russia and the Strategy for Development of the Power Grid Complex of the Russian Federation, meeting medium-term and long-term demand for electricity, attracting additional investment to the region, creating new jobs, and increasing tax payments. Interaction is carried out by setting tariffs for regulated activities, approval of investment programmes and reports on their implementation, participation in working groups to develop the electric power industry perspective development roadmap, conclusion of cooperation agreements, reporting to authorities and information disclosure in accordance with Russian legislation, transfer of tax payments, expert discussions, conferences, forums, working meetings and joint events with representatives of the authorities
<b>SOCIAL ENVIRONMENT</b>	
Society (public, social, charitable and environmental organisations, scientific and educational institutions, non-consumers, media)	The said party is interested in reliable energy supply, employment, development of regions of presence, environmental protection, energy efficiency, implementation of social and charitable programmes, development of science and education, introduction of advanced scientific developments and technologies, demand for young promising personnel, full information about the Company's activities. Interaction is through participation in charity projects, publications in the media and on the corporate website, press conferences, PR events, topic-related seminars, forums, competitions, meetings and topic-related events with veterans, students, schoolchildren, etc., application of measures to prevent electrical accidents with the population, participation in research and educational projects
<a href="#">For more details, please see the Sustainable Development section.</a>	

# CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



## UN SUSTAINABLE DEVELOPMENT GOALS



Given the nature of its business, the Company contributes to the achievement of eight of the 17 UN sustainable development goals.

UN Sustainable Development Goals with description	Contribution of the Company to the achievement of the goals
 <p>Goal 3: Good Health and Well-Being (ensure healthy lives and promote well-being for all at all ages)</p>	<p>The principles of Rosseti Kuban's occupational safety and social policy are to recognise and prioritise the life and health of employees over the Company's operating results, to provide comfortable working and leisure conditions for employees, to improve their social security, and to improve labour and social relations in the workforce.</p> <p>Rosseti Kuban provides for:</p> <ul style="list-style-type: none"> <li>• Creation of a healthy and safe working environment</li> <li>• Consistent and continuous reduction of work-related injuries and ill health</li> <li>• High level of corporate safety culture</li> <li>• Social security for employees, including voluntary medical insurance, health resort treatment, financial support for employees and retirees</li> <li>• Safety of power facilities for third parties</li> </ul> <p><a href="#">For more details on the Company's results and achievements in the reporting year, please see the Sustainable Development section.</a></p>
 <p>Goal 4: Quality Education (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all)</p>	<p>Employee training is one of the priorities of the Company's human resources and social policies. In the reporting year, the ratio of employees who participated in off-the-job training was 144% of the average headcount.</p> <p><a href="#">For more details on the Company's results and achievements in the reporting year, please see the Sustainable Development section.</a></p>

UN Sustainable Development Goals with description	Contribution of the Company to the achievement of the goals
 <p>Goal 6: Clean Water and Sanitation (ensure availability and sustainable management of water and sanitation for all)</p>	<p>Rosseti Kuban has existing contracts for water consumption and wastewater disposal and has two licensed wells for fresh groundwater withdrawal for domestic and drinking water supply, valid until 2034.</p>
 <p>Goal 7: Affordable and Clean Energy (ensure access to affordable, reliable, sustainable and modern energy for all)</p>	<p>The Company maintains a sufficient level of operational reliability of electric grid equipment and ensures non-discriminatory access of consumers to the Company's electricity transmission services.</p> <p><a href="#">For more details on results and achievements of the Company in the reporting year, please see the Operating Results section.</a></p>
 <p>Goal 8: Decent Work and Economic Growth (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)</p>	<p>The Company is actively involved in the social and economic life of the region by creating jobs and employment for suppliers in related industries, as well as by arranging various social programmes and charitable activities. In all Rosseti Kuban branches, the level of average accrued wages for production staff is competitive and higher than the local average accrued wages for 2022.</p>
 <p>Goal 9: Industry, Innovation and Infrastructure (build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation)</p>	<p>In order to eliminate the existing shortage of energy capacity and to meet the demand for the same (including in the longer terms), the Company:</p> <ul style="list-style-type: none"> <li>• Participates fully in developing roadmaps for the five-year perspective development of the power industry in the Krasnodar Territory and the Republic of Adygeya</li> <li>• Provides quality service to applicants, accessibility of electricity infrastructure in terms of grid connection of consumers, and development of the power grid complex</li> <li>• Eliminates power grid constraints to enable the grid connection of new consumers and provide quality and reliable power supply to existing electricity consumers</li> <li>• Implements the Company's innovation development programme</li> </ul> <p>As part of the creation of a stable infrastructure of the Company's innovation development process, and the creation of a single management circuit, the Company put in place an innovation management system based on GOST R 56273.1-2014/CEN/TS 16555-1:2013 "Innovation Management. Part 1. Innovation Management System" that delivers the following results:</p> <ul style="list-style-type: none"> <li>• Building an organisational structure for innovation management, identifying a competence centre for innovation management and giving it the necessary authorities</li> <li>• Embedding well-established innovation management business processes into the existing management system</li> <li>• Introducing innovation management elements into all business processes</li> <li>• Allocating responsibility for resolving issues in the area of innovation management</li> <li>• Ensuring the conditions for making the best possible managerial decisions in the area of innovation management</li> </ul> <p><a href="#">For more details on results and achievements of the Company in the reporting year, please see the Operating Results section.</a></p>
 <p>Goal 11: Sustainable Cities and Communities (make cities and human settlements inclusive, safe, resilient and sustainable)</p>	<p>The Company provides reliable and uninterrupted power supply to consumers, ensures environmental safety at power grid facilities and promotes the development of small and medium-sized businesses.</p> <p><a href="#">For more details on results and achievements of the Company in the reporting year, please see the Operating Results and Sustainable Development sections.</a></p>
 <p>Goal 12: Responsible Consumption and Production (ensure sustainable consumption and production patterns)</p>	<p>The Company is working on energy saving and energy efficiency improvement in accordance with the regulations of the Russian Federation and the Krasnodar Territory, as well as the energy saving and energy efficiency improvement programme.</p> <p><a href="#">For more details of the Company's results and achievements in the reporting year, please see the Energy Consumption and Energy Saving subsection in the Sustainable Development section.</a></p>

UN Sustainable Development Goals with description	Contribution of the Company to the achievement of the goals
 <p>Goal 13: Climate Action (Take urgent action to combat climate change and its impacts)</p>	<p>Commitments under the Stockholm Convention on Persistent Organic Pollutants are met: 731 pieces of equipment containing polychlorinated biphenyls were decommissioned. Equipment containing trichlorodiphenyl is being phased out of operation, and its environmentally sound disposal is ensured, in order to achieve the specified goals of lowering the negative impact on the environmental compartments and maintaining environmental safety at power grid facilities.</p>
 <p>Goal 15: Life on Land (protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)</p>	<p>In 2022, 2,977 bird diverters were installed. Construction/renovation of 728.48 km of overhead line was carried out using self-supporting insulated wires to preserve biodiversity and ensure ornithological safety. Technical measures were taken to eliminate the risks of oil spills and its penetration into the soil, groundwater and air:</p> <ul style="list-style-type: none"> <li>• Replacement of 185 oil-filled bushings with solid-insulation bushings</li> <li>• Repair (renovation) of emergency oil drainage systems and transformer oil receivers at 31 substations</li> </ul> <p><a href="#">For more details of the Company's results and achievements in the reporting year, please see the Environmental Protection subsection of the Sustainable Development section.</a></p>

# CONTRIBUTION OF THE COMPANY TO THE ACHIEVEMENT OF NATIONAL GOALS OF THE RUSSIAN FEDERATION

By performing its primary functions, the Company helps Russia achieve the objectives set forth in Presidential Decree No. 474 dated 21 July 2020 On the National Development Goals of the Russian Federation for the Period until 2030:

[For more details on the Company's contribution to Russia's national objectives, please see the Operating Results and Sustainable Development sections.](#)

 <p>Population preservation, health and well-being</p>	 <p>Comfortable and safe living environment</p>	 <p>Digital transformation</p>
 <p>Opportunities for self-realisation and talent development</p>	 <p>Decent, efficient work and successful entrepreneurship</p>	



# CUSTOMER RELATIONS

“ The management of the Company pays particular attention to raising consumer awareness of the services offered by the Company, ensuring comfortable surroundings for in-person service, and enhancing the accessibility of services through interactive service facilities.

With the help of a representative from the guaranteeing suppliers, TNS-Energo Kuban, the Single Site principle of customer service was implemented in 2022 on the basis of the Company's main customer service centre. This allows customers to receive services from both the Company and TNS-Energo Kuban.

In addition, the call centre hardware and software was upgraded with the replacement of the server hardware and software.

In the reporting year, Rosseti Kuban actively cooperated with the representatives of the executive authorities of the Krasnodar Territory and the Republic of Adygeya, the public, businesses and potential consumers of the Company's services with respect to the issues related to the development of the power grid complex and higher availability of power infrastructure.



**ALEXANDER CHEPUSOV**  
Deputy General Director for Development and Power Grid Connection

”

The main function of the customer relations departments of Rosseti Kuban is to ensure prompt, unhindered resolution of issues related to grid connection, electricity transmission, organisation of electricity metering and additional services for citizens and legal entities in the Company's operational responsibility.

To maintain the high quality of Company services, there are

**13** customer service centres

To provide remote services to customers, Rosseti Kuban runs a 24-hour call-centre with unified federal numbers 8-800-100-15-52 and 8-800-220-0-220. Call-centre operators inform the residents of the Krasnodar Territory and the Republic of Adygeya about any power supply

issues and ongoing recovery work / planned repair schedules. Besides, the call-centre operators take messages from the customers concerning electricity theft and consult them about grid connection and other Company services.

**41** customer service offices in operation across the power grid regions

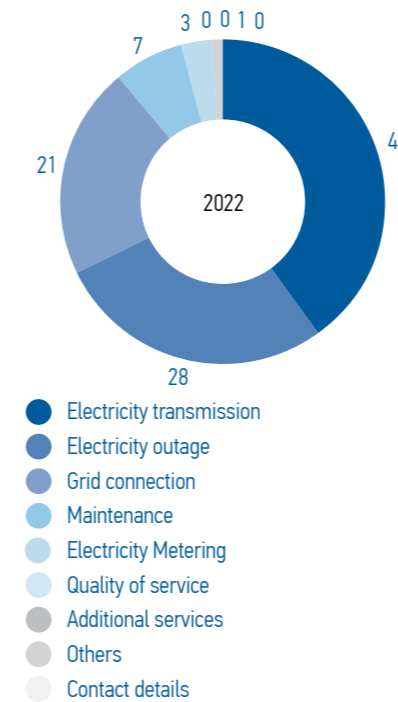
## BELOW ARE A FEW OF THE KEY OUTCOMES OF THE COMPANY'S EFFORTS IN THE FIELD OF CUSTOMER RELATIONS FOR 2022:

In 2022, the call centre of Rosseti Kuban was contacted by

**more than 1 million** consumers, an increase of 26% compared to 2021

In the reporting year, Rosseti Kuban received about 6,900 complaints from customers, of which around 2,500 were justified. The number of complaints received in the reporting year is 4,100 (or 37%) fewer than in 2021.

### STRUCTURE OF CUSTOMER COMPLAINTS RECEIVED BY THE COMPANY IN THE REPORTING YEAR (%)



Customer complaints were investigated and actions scheduled for the reporting year were taken to sort out their causes.

In 2022, Rosseti Kuban offered customer service through Rosseti Group's power grid services portal [www.портал-тп.рф](http://www.портал-тп.рф).

In 2022, Rosseti Kuban received 43,902 packaged applications for grid connections, which resulted in the conclusion of 36,912 agreements for grid connections.

Over the year, Rosseti Kuban held 31 remote alignment meetings with potential and existing applicants, business representatives and executive authorities of the constituent entities of the Russian Federation on improving the accessibility of the energy infrastructure, including the possibility to submit applications for grid connection in electronic form. About 554 people took part in the alignment meetings.

- Based on the results of 23 inspections carried out on the basis of reports of electricity theft submitted by consumers via the call-centre, unaccounted electricity worth RUB 40,5001.94 was detected.
- In 2022, there was an upgrade in the call-centre hardware and software with the replacement of the server hardware and software. This made it possible to integrate cutting-edge capabilities for handling consumer phone calls, such as automatic subject-based routing and an interactive voice menu that automatically updates customers on the most crucial aspects of the Company's operations.
- The Rosseti Group's Power Grid Services Portal website now has a feature that allows grid connection services to be paid for directly from the customer's personal account.

With the help of a representative from the guaranteeing suppliers, TNS-Energo Kuban, the Single Site principle of customer service was implemented in 2022 on the basis of the Company's main customer service centre. This allows customers to receive services from both the Company and TNS-Energo Kuban. The consumer service offices made computer workstations available for applicants who have no access to the Internet network. Specialists of the Company's offices can offer guidance on issues emerging during the application filing process.

In 2022, the management of Rosseti Kuban took part in the VI All-Russian Practical Workshop on effective work of electricity market participants in the context of modern legislation. Grid Connection, Tariff Policy and Antimonopoly Control, Smart Metering

Systems, Changes in the Work of Sales Companies, Reserve of Power Transmitting Facilities, TGO Criteria were the subjects of interest covered during the workshop.

The workshop discussed issues related to the legality/illegality of extending the deadlines for implementing measures under grid connection agreements by concluding additional agreements, the establishment of one backbone territorial grid organisation in each constituent entity of the Russian Federation; ways of appealing against decisions of state price (tariff) regulation authorities.

Additionally, staff members of Rosseti Kuban attended a hands-on session hosted by Rosseti Lenenergo where representatives from the Russian Ministry of Energy and the Federal Antimonopoly Service provided an explanation of how the current regulations for consumer grid connection were to be applied.

To promote the customer-oriented approach and improve the quality of services, Rosseti Kuban scheduled the following for 2023:

- Improving the efficiency of customer service by streamlining the processes for receiving and processing customer feedback
- Upgrading corporate automated systems for handling customer feedback to improve the accuracy and speed of processing

# HUMAN RESOURCES MANAGEMENT

## RESULTS OF HR POLICY

The below are the key objectives of Personnel and Social Policy of the Company intended to meet the targets of the Russian Power Grid Industry Development Strategy:

- Planning the workforce requirements — availability of accurate information on current and forecasted labour demand, both quantitative and qualitative, as necessary and sufficient to achieve the Company's objectives
- Recruiting necessary skills when needed
- Improving the performance and increasing labour efficiency across the Company

These key objectives of the Personnel and Social Policy are met by implementing the range of measures in various aspects of the Company activities and achieving the targets set in the following areas:

- Organisational design
- Headcount management
- Human resourcing and personnel development
- Personnel performance management (personnel motivation)
- Social benefits and social protection
- Occupational safety and work culture

The following actions were taken and put into effect in order to maintain a high level of social protection for Rosseti Kuban employees, to

offer workers guarantees and compensations, and to reduce the number of diseases among employees of the Company in 2022:

- Conclusion of the Collective Bargaining Agreement between the employer and employees of Rosseti Kuban for 2023–2025
- Active training of employees to reduce work-related accidents and upgrade staff skills
- Non-recurrent financial assistance to employees and veterans
- Distance learning for the Company's employees, as far as the programmes for which the distance format can be implemented are concerned

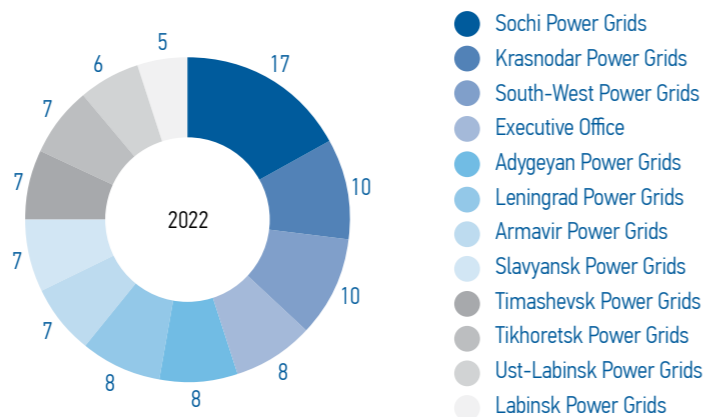
## STAFF HEADCOUNT AND BREAKDOWN

The average headcount of Rosseti Kuban for 2022 was 8,767, down 1.2% from 2021. This insignificant decrease in the average headcount was caused by the natural movement of employees.

**AVERAGE HEADCOUNT OF ROSSETI KUBAN IN 2020–2022 (PEOPLE)**



**BREAKDOWN OF AVERAGE HEADCOUNT OF ROSSETI KUBAN BY BRANCHES IN 2022 (%)**



In 2022, the Company's staffing level was 93.9%, whereas production staffing level was 93.2% (target – 97%).

Voluntary employee turnover rate was 7.4%. Over 2022, 1,210 employees were hired, of whom 1,014 people (83.8%) were production personnel and 40 people (3.3%) – support staff.

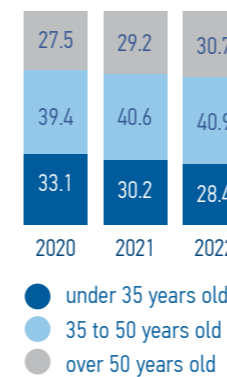
The employee breakdown by categories is representative of the power grid companies and has remained quite stable for the last three years: blue collars account for 47.8%, managers – for 19.5%, and white collars – for 32.7%.

**STAFF STRUCTURE BY CATEGORY IN 2020–2022 (%)**



The average age of the Company's employees in 2022 was 43.7 years old (43 years old in 2021). Over the past three years, there has been an increase in the share of employees aged 35 to 50 (+0.3 p.p.) against a decrease in the share of employees under 35 (–1.8 p.p.) and the larger share of employees over 50 (+1.5 p.p.).

**STAFF STRUCTURE BY AGE IN 2020–2022 (%)**



**ANALYSIS OF VOLUNTARY TURNOVER IN THE COMPANY IN 2020–2022 (%)**

Voluntary turnover rate	2020	2021	2022	Δ 2022/2021 (p.p.)
<b>Total for the Company</b>	<b>6.6</b>	<b>10.5</b>	<b>7.4</b>	<b>–3.1</b>
<b>By age class:</b>				
→ under 35 years old	9.7	14.6	11.7	–2.9
→ 35–50 years old	6.6	10.2	7.1	–3.1
→ over 50 years old	3	6.5	3.9	–2.6
<b>By gender:</b>				
→ women	8.6	9.1	6.5	–2.6
→ men	6.0	10.9	7.8	–3.1
<b>By region:</b>				
→ Republic of Adygeya	5.3	13.9	6.7	–7.2
→ Krasnodar Territory	6.7	10.2	7.5	–2.7

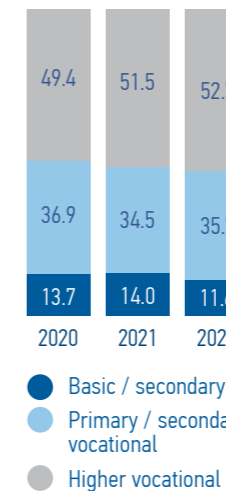
The employees of the Company have a decent level of education; 88.4% of them have a professional background, and 11 of them have a candidate's degree. According to an analysis of the dynamics of the educational level of the Company's workforce, the share of employees without a professional degree is decreasing annually while the share of employees with a higher level of education is rising. Decrease over the last three years in the share of employees with no professional education – from 13.7% in 2020 to 11.6% in 2022 (down 2.1 p.p.) and increase in the share of employees with higher education – by 3.3 p.p.

**88.4%**

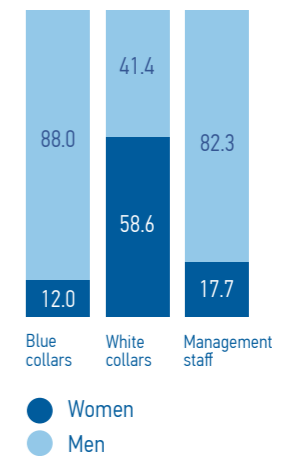
of employees have a vocational education

The gender composition of the Company's employees also fits the typical profile of power grid companies. As at 31 December 2022, the percentage of men and women employed by the Company is 71.6% and 28.4%, respectively; the category-wise analysis is shown in the diagram below.

**STAFF STRUCTURE BY EDUCATION LEVEL IN 2020–2022 (%)**



**STAFF STRUCTURE BY GENDER IN 2022 (%)**





## STAFF TRAINING AND DEVELOPMENT

Employee training is one of the priorities of the Company's human resources and social policies; it is regulated by the following documents:

- 📄 Rules for Personnel Management in the Electric Power Industry of the Russian Federation approved by Order No. 796 of the Ministry of Energy of the Russian Federation dated 22 September 2020
- 📄 HR management procedure of Rosseti Kuban approved by Order No. 774-od dated 12 December 2022
- 📄 Regulations on Personnel Training at Rosseti Kuban approved by Order No. 681-od dated 26 November 2020
- 📄 Other regulatory documents and prescriptions and recommendations of the supervisory authorities

The Company's main provider of educational services is the in-house training centre, the Energy Institute for Continuing Education of Kubanenergo (hereinafter referred to as the Institute). In the reporting year, the share of the Institute's trainees was 91% of the total number of the Company's employees trained.

### TRAINING OF ROSSETI KUBAN PERSONNEL IN 2020–2022

Indicator	2020	2021	2022	Δ 2022/2021 (%)
Number of off-the-job trainees (people)	8,258	8,530	12,609	+47.8
Including production personnel (people)	7,373	7,195	10,149	+41
Distribution of employees who participated in on-the-job training programmes by category (%)	Managers – 38.2 White-collar – 23.7 Blue-collar – 38.1	Managers – 40.8 White-collar – 18.7 Blue-collar – 40.5	Managers – 52.1 White-collar – 20.7 Blue-collar – 27.2	Managers +11.3 p.p. White-collar +2.0 p.p. Blue-collar -13.3 p.p.
Ratio of employees who received off-the-job training to average headcount (%)	92	96	144	+48.0 p.p.
Number of employees who participated in educational programmes delivered through distance learning (people)	5,017	2,821	2,894	+ 2.6
Number of employees trained, retrained and up-skilled in-house training centres (people)	7,044	7,695	11,485	+49.2
Including production personnel (people)	6,545	6,801	9,820	+44.4
Number of training programmes implemented at the Institute in distance learning format	46	76	42	-44.7
Average number of hours of training per employee (academic hour)	64	66	65	-1.5
Average number of training hours per employee by gender (man-hours)	Women – 32 Men – 73	Women – 36 Men – 76	Women – 40 Men – 75	Women +11.1 Men - 1.3

The number of employees who received off-the-job training in the reporting year increased by

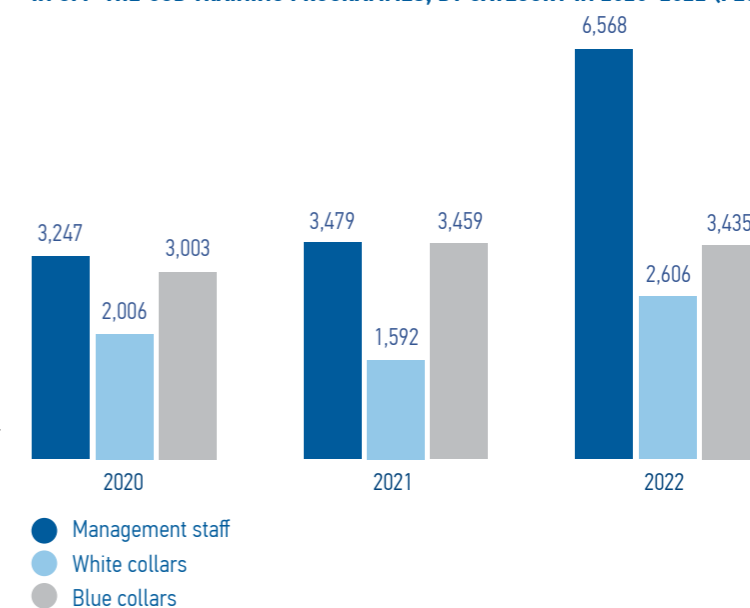
# 47.8%

With the existing ratio of the off-the-job trainees in 2022 to the average headcount, the key indicator (30%) of the Company's Personnel and Social Policy is achieved.

In 2022, there were fewer distance learning programmes at the Institute. This decline can be attributed to changes in the legal framework, which mandated that all employee training be conducted in person (both theoretically and practically), as well as the removal of anti-covid procedures.

A significant share of the personnel falling under managers and blue-collars categories in the total number of the trained personnel is explained by the mandatory nature of training for such categories and training frequency required by regulatory documents.

### DISTRIBUTION OF THE NUMBER OF EMPLOYEES WHO PARTICIPATED IN OFF-THE-JOB TRAINING PROGRAMMES, BY CATEGORY IN 2020–2022 (PEOPLE)



### TRAINING COSTS IN 2020–2022 (RUB '000)

Indicator	2020	2021	2022	Δ 2022/2021 (%)
<b>Total training costs</b>	<b>73,836.1</b>	<b>76,259.0</b>	<b>87,563.0</b>	<b>+14.8</b>
including:				
• by the Institute	53,563.2	65,130.5	76,681	+17.7
• by third-party educational institutions	20,272.9	11,128.5	10,881	-2.2

Every year, the Institute trains about 10,000 students in more than 350 educational programmes aligned with the requirements of professional standards and applicable regulatory documents.

The Institute provides services in the following areas:

- Training in professional education programmes (training, retraining, advanced training of workers), continuing professional education programmes (professional retraining, advanced training of engineering staff)
- Conducting topic-related workshops and hands-on training aimed at developing corporate and managerial competencies
- Holding championships and vocational skills competitions at various levels under the Skills and Occupations Development Agency methodology
- Hosting conferences, scientific and technical round tables with the participation of manufacturers and developers of state-of-the-art equipment

- Preparing teams for professional skill competitions

The Institute is accredited and has a notification from the Russian Ministry of Labour of its inclusion in the register of organisations providing education in occupational safety and health; the programmes are based on modern, innovative technologies using the latest training tools and methods. During the training period, students are provided with the necessary study materials, visual aids, handouts in the relevant areas of training.

In 2022, Rosseti's innovative project for live work, which had been launched for the Company's employees in 2020, was continued. In 2022, 53 people were trained in the programme of Live Works on Overhead and Cable Power Lines and Switchgear of up to 1,000 V.

As part of the federal Employment Promotion project of the national Demography project, the Institute was accredited as a training

centre for preparation of technical experts to hold championships under the Skills and Occupations Development Agency methodology.

The training ground located on the territory of the Institute is geared to the hands-on training of students in the learning process and provides means not only for individual operations but also for routine maintenance on specific equipment with meeting the time standards. The training ground is also a site for Worldskills championships among personnel of companies in the fuel and energy complex in such competencies as operation of cable power lines and smart electricity metering system.

In 2022, as part of the business programme of the Worldskills Championships, a business programme was held with the participation of representatives of manufacturers, Rosseti Kuban representatives and students of educational institutions in the following areas:

- New business lines for power grid companies (Smart Consumer Technology, Turnkey Power Station, Smart Enterprise)

- Smart metering systems. Consumer interface
- Miner search (technology)
- Electricity metering system for cable lines
- Virtual and augmented reality technologies for applications in the power grid sector

In the course of these events, innovative technologies and activities in power grid companies were reviewed.

In order to improve the professional skills of young professionals and raise the prestige of working professions in the field of electricity metering, the Institute underwent accreditation by the Skills and Occupations Development Agency and was awarded the status of a centre for the demonstration examination according to its standards in Intelligent Electricity Metering Systems.

The key providers of educational services, other than the Institute:

- Federal Budget Institution — Learning and Training Centre of Rostechнадзор
- State Educational Institution of Supplementary Professional Education "Training and Methodological Centre for Civil Defence and Emergency Situations of the Krasnodar Territory"
- Russian Presidential Academy of National Economy and Public Administration
- Private Educational Institution of Supplementary Education "Stipler Graphics Centre"
- Federal Budget Institution — Training Centre of FAS of Russia
- EKRA Scientific and Educational Center, etc.

Occupational health and safety and fire safety remain key areas of training.

In addition, the training programme on Professional Trainer for Safe Behaviour in the Electric Power Industry (Vision Zero Trainer) was continued in 2022.

The Safe Driving Coach programme was implemented in order to transfer experience through staff training.

In order to develop the professional and managerial competencies of the winners of the First All-Russian Energy Leaders competition, a professional retraining programme in Technology Management was rolled out at the Skolkovo Institute of Science and Technology, an autonomous non-profit educational organisation of higher education. The programme's aim is to create a pool of professionals ready to implement new technological solutions and capable of becoming leaders of change. The programme students studied modern methods and technologies of energy system management, digital technologies and methods of optimisation in the energy sector, energy system economics and other relevant topics, and worked on projects dedicated to topics that are in demand for the industry and the power grid complex.

The pilot project on training specialists-game practitioners in the energy sector (specialists who use psychological and technical games in their work) was launched in the reporting year.

The programme is intended for professionals who use game models for educational purposes.

In order to develop the expertise needed to diagnose and inspect equipment in the power grid complex, there is a training programme of Remotely Piloted Air System (RPAS) Operator (with a maximum take-off weight of 30 kg or less).

In order to develop the mentoring system and form effective mechanisms for interaction between the mentor and a novice power system employee, the Institute continued training employees under the Professional Mentor in Power Industry Organisations programme to ensure intergenerational continuity, transfer of personal professional experience to young employees, adaptation and increased motivation of new employees to establish a long-term employment relationship with a company.

**INDICATORS OF EVALUATION PROCEDURES OF ROSSETI KUBAN IN 2020–2022 (PEOPLE)**

Indicator	2020	2021	2022	Δ 2022/2021 (%)
Number of personnel who underwent evaluation procedures/ ratio to average headcount	546	1,840	1,612	-12
• Competence assessment (corporate and managerial), including during recruitment, transfer to a new position, selection to the talent pool, etc.	215	1,391	1,200	-14
• Independent qualification assessment (by the Qualification Assessment Centres)	331	449	412	-8

In the reporting year, 412 employees of the Company (4.7% of the average headcount) were sent for independent qualification assessment to the Energia Qualification Assessment Centre (a branch of Energetik Health Resort, JSC);

out of those, 350 successfully passed the professional examination and confirmed their professional qualification. Around 1,200 people took part in the assessment of the Company's needs in the comprehensive assessment

of managers by the Assessment Centre method, the assessment of the professional competences of specialists and managers, and the psychodiagnostic assessment in 2022.

**TALENT POOL**

To meet the Company demand for qualified and efficient managers wherever needed and create conditions for the best fulfilment of its staff potential, the Company constantly updates and improves its management talent pool and young specialist talent pool.

Share of managerial positions covered by the talent pool in 2022

**62.2%**

**The management talent pool**

is meant to satisfy the Company demand in management staff in a timely and efficient manner, including the following leading positions:

- Senior managers
- Mid-rank managers
- Managers and chief engineers for power grid regions

The main criteria to include employees in the management talent pool are as follows:

- High professional qualification
- Strong production performance
- Managerial experience
- Personal and managerial potential necessary for professional development and career growth in the Company

**The youth talent pool**

consists of young specialists aged under 35 years who have high development potential and are motivated for professional development and career progress in the Company.

The membership of the Company's youth talent pools is updated on an annual basis, and development plans for young professionals include participation in training programmes, discipline-related trainings aimed at personal growth and development of skills, industry-wide and regional conferences, and youth forums in order to get acquainted with the best practices of power grid companies in a timely manner.

**TALENT POOLS OF THE COMPANY**

Indicator	2020	2021	2022
Headcount of talent pools (people)	251	242	239
Share of leading positions covered by the talent pool (%)	69.93	64.32	62.16
Share of succession candidates appointed to target positions in the reporting year (%)	3.3	4.6	3.3
Share of leading positions staffed by internal candidates, including from the talent pools (%)	56.8	63.9	53.8
Youth talent pool (people)	140	100	86

**SOCIAL POLICY**

The key principles of the Social Policy of Rosseti Kuban include the creation of comfortable conditions for employees' work and rest, higher social security of employees and their better labour/social relations. The social focus of Rosseti Kuban is on the development of the social partnership, improvement of employees' social security, and creation of development prospects for the Company as a whole.

Rosseti Kuban places high importance on social support to energise staff members and raise their commitment to production tasks. The benefits and guarantees in place in the Company, as well as social programmes and employee support programmes, help attract and retain the most valuable employees, promote staff loyalty to the Company, and facilitate the achievement of the Company's goals.

While demanding the maximum commitment and improved performance from its staff, the Company acknowledges that it is necessary to provide the employees with extra social benefits and guarantees exceeding those prescribed by law and funded from the Company profits.

The Social Policy of Rosseti Kuban is aligned with the Sectoral Tariff Agreement of the Electric Power Industry of the Russian Federation, the collective bargaining agreement, by-laws, rules and other local regulatory documents.



In accordance with the collective bargaining agreement, as part of the social package, the Company's employees receive financial assistance in connection with childbirth,

marriage registration, burial of close relatives, retirement, difficult financial situation (emergency case), status of families with many

children, and in case of death of an employee as well. There is also compensation for childcare in pre-schools, etc.

**SOCIAL BENEFITS FOR THE COMPANY'S EMPLOYEES, THEIR FAMILY MEMBERS AND RETIREES (RUB MN)**

Social events	2020	2021	2022
Monetary support for employees and retirees	37.28	45.23	40.7
Compensation payments	0.72	0.97	1.13

The collective bargaining agreement of the Company covers the support of employees who need better housing conditions through financial aid in mortgage arrangement and partial payment of credit interest. In the reporting period, the Company paid a total of RUB 13.95 million to 336 employees as financial aid.

Being a socially responsible Company, Rosseti Kuban takes care of the Company's veterans and retirees. Honouring the veterans and providing them with monetary support is an integral component of the Company's social performance. Rosseti Kuban renders monthly material aid to retirees. In the reporting period, over 2,600 of the Company veterans and retirees received various benefits (monetary support for the Victory Day, the Power Engineer Day, monthly monetary support and on-application monetary support, etc) to the total of RUB 10.11 million.

An important factor in improving the workforce efficiency is the promotion of health and recreation of employees and their children. In the reporting year, over 890 vouchers were purchased for health resort treatment and recreation of employees and their family members, and over 340 employees were partially compensated for the cost of vouchers to children's health camps.

Rosseti Kuban provides its employees with a high quality modern medical services by signing contracts for their voluntary health insurance and accident insurance.

The social security of employees and non-material incentives are promoted through the non-state pension provision schemes designed to ensure a decent level of well-being of employees at retirement age, to lay the groundwork for the effective addressing of HR issues related to recruitment, retainment and motivation.

Rosseti Kuban focuses on the development and maintenance of healthy lifestyle of its employees and arranges health, fitness, and participation sports among the employees and provides them with access to the sports facilities. The outcomes of the reporting year:

- Rosseti Kuban's teams took part in volleyball and mini-football competitions among Rosseti Group companies
- Company employees took part in the M.M. Botvinnik Memorial Open Chess Tournament for Power Engineers
- Employees of Rosseti Kuban took an active part in the Open Spartakiad of Power Engineers in sports such as mini-football, volleyball, table tennis, chess, track and field, kettlebell lifting and swimming
- Rosseti Kuban team took part in the Minor League Regional Amateur Basketball Cup tournament
- Employees of Rosseti Kuban participated in regional and city competitions held in the Krasnodar Territory and the Republic of Adygeya

Rosseti Kuban attaches great importance to cultural-enlightenment events that help unite and rally its personnel, thus improving the corporate culture. The following events were held in 2022:

- Events dedicated to the celebration of the Defender of the Fatherland Day and International Women's Day (8 March)
- Children's drawing contest "Rosseti: Children Draw!" as part of participation in the contest among children of the Group's employees
- Commemoration of Victory Day in the Great Patriotic War of 1941–1945
- Events on the occasion of Children's Day
- Events to mark Knowledge Day
- Children's drawing competition "Autumn through the Eyes of Children"
- Corporate children's creative contest "Energy of Talents"

- New Year's Eve celebrations: a greeting for employees and children of the Company's employees

More than 400 children took part in the qualifying and final stages of the children's competitions, and more than 190 of them were awarded valuable prizes and gifts.

Traditionally, the Company pays great attention to the preparation and celebration of the Power Engineer Day — the professional holiday of the Company.

The Company conducted personnel testing for coronavirus infection in the reporting period due to the ongoing unstable epidemiological situation, in order to protect worker health and stop the spread of the COVID-19 coronavirus infection. In 2022, more than 30,000 tests for coronavirus infection were taken.

**YOUTH POLICY**

The Company's Youth Policy covers the activities within three key areas:

- Early career guidance of schoolchildren
- Practice-oriented training of personnel in educational institutions of secondary vocational and higher education
- Professional development of junior specialists – employees of the Company

The Company conducts comprehensive career guidance work with schoolchildren, including open days and study tours to the facilities of the Company's branches, staff-led themed lessons at schools, and corporate target events. The total number of sponsored schoolchildren participating in Rosseti Kuban's career guidance projects in 2022 was over 1,242. The All-Russian Olympiad for Rosseti Group students is being hosted in order to prepare professionals to fill future staffing demands. This is a unique opportunity to test yourself and learn about current energy issues and trends by solving unusual and interesting problems. About 370 ninth- and tenth-graders from the Company's operating regions competed in the Olympiad in 2022. The winner of the Olympiad became a participant in the Energy Project Shift of Rosseti Group at the All-Russian Children's Centre, Orlyonok.

Vocational guidance is offered to schoolchildren in order to develop their interest in the power industry and to help them enter universities and colleges in their fields of study. As of 31 December 2022, there were 40 cooperation

agreements with educational institutions in the region where the Company operates, including Kuban State Agrarian University and Kuban State Technological University.

The main areas of cooperation with universities and colleges are targeted education, practice-oriented training, vocational guidance, and the management of student teams.

As of 31 December 2022, 59 students are studying at field-specific universities under target education contracts with the Company, of which 19 contracts were concluded in 2022. The focus areas of targeted training include Electric Power and Electrical Engineering, Agro-Engineering, with major courses on information systems and technologies, electrical technology and electrical equipment.

The total number of students who took internships at the Company's facilities in the reporting year was 741 (468 students in 2021). In 2022, 96 students from partner universities took part in seven student teams during the summer work season.

In order to expose its students to the occupation and provide them with hands-on skills, the Company arranged a number of events for them such as vocational training in the corporate training centre, preparation for and taking a professional examination to qualify as a third-class electrician in metering operation, and a professional skills competition to test their

knowledge and skills in this area.

There are workshops and hackathons organised to develop managerial and professional competences.

Ten employees of the Company joined the International Engineering Championship (League of Young Specialists) and the Forum of Communities of Young Specialists called Forsage in 2022 to advance the competencies of the Company's young specialists in the areas of project activities and the application of best practises as well as to encourage the development of inter-corporate communities.

**CHARITY WORK**

The Regulations for Charitable Assistance at Rosseti Kuban and the Regulations on the Procedure of Formation and Use of the Sponsorship and Charity Fund of Rosseti Kuban are the foundations upon which charitable activities at Rosseti Kuban are carried out. These Regulations were approved by the Board of Directors of the Company.

Charity work is a component of the corporate strategy and portrays the company as a socially responsible one.

In 2022, the Company completed more than 20 charitable projects and held 15 volunteer

events: employees took part in events to mark World Donor Day, Children's Day, the New Year's Wishing Tree event and others.

# OCCUPATIONAL HEALTH AND SAFETY

## OCCUPATIONAL SAFETY

The key principle of the occupational safety activities of Rosseti Kuban is the recognition of and supporting the priority of employees' lives and health as compared to the results of the Company industrial activities.

To establish a unified labour management system in the Company and to ensure safe and normal working conditions for employees at all stages of production, to monitor the compliance with occupational safety requirements at all levels of corporate management, the Company adopted STO 00104604-ISM 007-2018 Regulations on the Occupational Health and Safety Management System, which met the requirements of GOST 12.0.230-2007, interstate standards for occupational health and safety management systems, as well as the labour legislation of the Russian Federation.

The main occupational safety goals of Rosseti Kuban are as follows:

- Creation of a healthy and safe working environment
- Consistent and continuous reduction of work-related injuries and ill health
- High level of corporate safety culture

The occupational safety initiatives of the Company is aligned with the statutory requirements of the Russian Federation, regional laws, industry sector codes and rules, and executive documents.

The management of the Company is in charge of upholding secure working conditions and labour safety at Rosseti Kuban as well as their adherence to the established regulations. The Company fully complies with the requirements of the Russian laws regarding the occupational safety obligations of the employer.

The management of the Company (the Company's branches) annually analyses and evaluates the achievement of the occupational

safety goals. Following the functional analysis of the occupational health and safety management system in 2022, the Company considers the effectiveness of the total corporate efforts invested to be satisfactory.

During 2022, systematic work was carried out to improve occupational safety, prevent occupational accidents and improve working conditions:

- Occupational safety and health measures developed in accordance with the Tentative List of Annual Measures to Improve Working Conditions and Occupational Safety and to Eliminate or Reduce Occupational Risks or Prevent their Increase approved by Order No. 771n of the Ministry of Labour of the Russian Federation dated 29 October 2021
- Comprehensive programmes were implemented to reduce the risk of injuries to the Company's personnel and third parties from electric shocks at the Company's power grid facilities
- An annual study of the outcomes of the occupational safety work was conducted, goals for the following year were established, and a list was created to enhance working conditions and occupational safety, remove or decrease occupational risks, avoid injuries, and execute the Zero Injuries concept.
- Monthly video conference calls were held with the participation of directors, first deputy directors — chief engineers and heads of branch divisions
- Monthly occupational health and safety days were held, allowing many employees to be involved in the process of self-supervision and mutual supervision and increasing their knowledge and experience

- Business games were used to provide training on the functioning of the occupational health and safety system and the timely identification of potential hazards and risks to the health and lives of workers
- Timashevsk, Tikhoretsk and South-West Power Grids branches carried out comprehensive inspections of compliance with current legislation of the Russian Federation and local regulatory acts of the Company aimed at preventing occupational accidents and third-party injuries
- Heads of branches, business units and their deputies carried out unannounced inspections of workplaces to check the personnel's compliance with occupational safety rules when organising and carrying out work in electrical installations

There were three work-related accidents during the reporting year, two more than in 2021. No work-related ill-health was identified among the Company's personnel.

## INFORMATION ON WORK-RELATED INJURIES AND ILL-HEALTH IN THE COMPANY FOR 2020–2022

Indicators	Period			
	2020	2021	2022	Δ 2022/2021
Number of workers involved in work-related fatalities/number of work-related fatalities	1/1	0	1/1	+1/1
Number of employees involved in work-related accidents with severe injuries/number of work-related accidents with severe injuries	1/1	1/1	0	-1/1
Number of persons who suffered work-related fatalities and who are not employees of the Company, but whose work and/or workplace is controlled by the Company/number of work-related fatalities	0	0	1/1	+1/1
Number of employees who were involved in work-related accidents with severe injuries and who are not employees of the Company, but whose work and/or workplace is controlled by the Company/number of work-related accidents with severe injuries	0	0	0	0
Number of work-related illnesses that resulted in the death of an employee in the reporting year	0	0	0	0
Number of employees recognised as disabled as a result of a work-related illness in the reporting year	0	0	0	0
Number of persons diagnosed with work-related ill-health during the reporting period	0	0	0	0

A unified helpline is operational in all divisions of the Company to receive automated voice and text messages (SMS) from staff regarding occupational safety concerns, details of rule violations, and recommendations for ways to enhance working conditions. This is done in an effort to eliminate the underlying causes of injuries and to reduce them. More than ten training films on the types of work performed were made, an anonymous questionnaire survey of personnel was conducted in order to identify the causes of violations of occupational safety rules and to collect proposals on improving and changing the current state of labour protection in the Company, Internet publications and articles on labour protection were placed on the official web pages of the branches, competitions on labour protection were held for the best structural subdivision and the best team car. A corporate newspaper, Safe Labour, was launched in 2022.

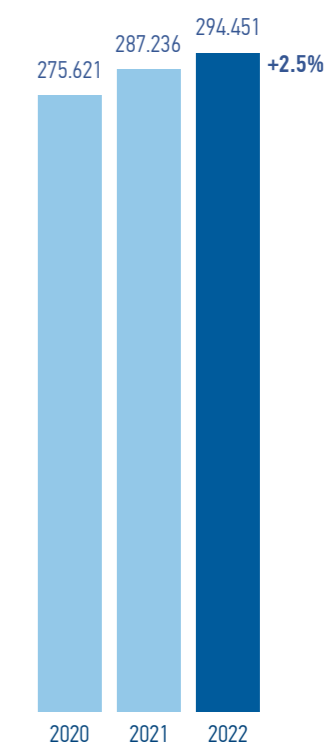
The Company's personnel at risk for health reasons, in addition to periodic medical examinations, are referred for additional medical examinations under the voluntary health insurance scheme.

To promote employees' health and life-span, the Company purchased necessary protection and safety equipment in 2022. Annual acquisition order for working wear and shoes was fully completed. The unit cost of personal protective equipment per employee in 2022 was RUB 23,750, which is 4.8% higher than in 2021.

Occupational health and safety (OHS) costs in 2022 were

**294.451** RUB mn  
(up 2.5% year-on-year)

## OCCUPATIONAL HEALTH AND SAFETY (RUB MN)

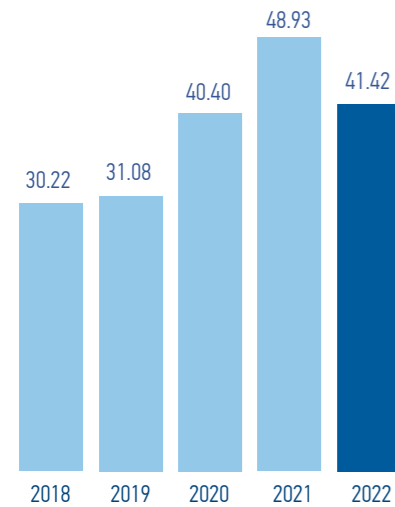




Specific OHS costs per employee in 2022 were

**41,420 RUB**

**CHANGES IN COSTS FOR OHS MEASURES ACROSS THE COMPANY PER ONE PERSON IN 2018–2022 (RUB '000)**



Following the Labour Code of the Russian Federation, the actions aimed at improving the working conditions and occupational safety at the Company are funded to at least 0.2% of the manufacturing costs for products (works, services); in fact, these activities were funded in the amount of 0.64% of the said amount.

## INDUSTRIAL SAFETY

The operational supervision for industrial safety is aligned with the Company's order No. 550-od dated 28 September 2021 On the Appointment of Persons Responsible for Operational Supervision for Industrial Safety Requirement Implementation at Hazardous Facilities and with the Regulation of Operational Supervision for Industrial Safety Requirement Implementation at Hazardous Facilities approved by the Order No. 324 dated 9 June 2020 and elaborated in line with the following documents:

- Federal Law No. 116-FZ dated 21 July 1997 On Industrial Safety of Hazardous Production Facilities (as amended from time to time)
- Order No. 461 of the Federal Service for Environmental, Technological and Nuclear Supervision dated 26 November 2020 On Approval of Federal Standards and Rules for Industrial Safety of Hazardous Production Facilities, Safety Rules for Hazardous Production Facilities with Hoisting Equipment
- Decree of the Government of the Russian Federation No. 2168 dated 18 December 2020 On the Organisation and Implementation of Production Control over Compliance with Industrial Safety Requirements

The Company has three hazardous production facilities registered at the Federal Service for Environmental, Technological and Nuclear Supervision (certificate No. A30-00777 dated 13 October 2020). In 2022, the hazardous production facilities were operated following the requirements set out in technical reference documents.

The following measures were taken on the hazardous production facilities of Rosseti Kuban in 2022:

- 143 industrial safety reviews
- 191 partial technical inspections of equipment
- 69 full technical inspections of equipment
- 706 functional checks of safety devices

The following activities related to industrial safety training and attestation of employees were carried out in 2022:

- 266 employees received advanced training
- 648 employees were attested by the attestation commission on the Unified Testing Portal in the field of industrial safety, hydraulic structure safety, energy safety
- 102 employees were attested in the territorial attestation commission of the Federal Service for Environmental, Technological and Nuclear Supervision

Accounting and investigation of accidents, incidents at hazardous production facilities operated by the Company are performed in accordance with the approved procedure for technological investigation of causes of incidents at hazardous production facilities approved by Order of the Company No. 303-od dated 7 June 2021.

# ENVIRONMENTAL PROTECTION

The Environmental Policy of the Company sets forth the goals to decrease the negative impact on the environmental compartments and support environmental safety at power grid facilities, upgrade equipment and employ innovative and eco-friendly technologies during renovation, retrofitting and construction of power grids, as well as the rational use of natural resources.

In order to fulfil its objectives in the reporting year, the Company:

- Complied with the requirements of environmental legislation:
  - Performed environmental rationing through an inventory of sources of emissions of harmful (polluting) substances into the atmospheric air for objects of negative impact on the environment
  - Developed draft sanitary protection zones for 23 facilities of the Company (production sites and substations) to establish special territories with a special use regime to ensure the level of public safety during normal operation of the facilities
- As part of its obligations under the Stockholm Convention on Persistent Organic Pollutants, phased out 731 spent condensers containing trichlorodiphenyls and ensured their environmentally sound disposal and replaced them with more environmentally friendly equipment
- Complied with the established standards for permissible environmental impact:

industrial environmental monitoring at stationary sources of pollutant emissions and wastewater collection, as well as sanitary monitoring of atmospheric air pollution in the zone of influence of the facilities; the indicators of negative environmental impact, based on measurements taken by accredited laboratories, do not exceed the environmental protection standards

- Improved the environmental management system by enhancing its efficiency and planning its business activities, giving priority to significant environmental aspects:
  - Environmental control managers and specialists of the Company, who were trained in 2022 in the course: Internal Auditor of the Environmental Management System According to ISO 14001:2015 conducted an internal environmental audit
  - To preserve biodiversity and ensure ornithological safety, 2,977 bird diverters were installed, and 728.48 km of overhead lines were built/renovated using self-supporting insulated wires

- Emergency oil discharge systems and transformer oil receivers at 31 substations were repaired (renovated) to prevent potential environmental contamination
- Nine tonnes of transformer oil, after treatment (regeneration), were reused to reduce the use of natural resources

By transmitting electricity, which is the most highly efficient and environmentally friendly form of energy, to consumers, Rosseti Kuban has a negative impact on the environmental.

### CHANGES IN THE COMPANY'S ENVIRONMENTAL PERFORMANCE IN 2020–2022

Indicators	2020	2021	2022	Δ 2021/2022 (%)
Gross pollutant emissions into the air, total (t)	62.73	64.67	35.04	–45.8
Volume of water consumption (thsd cu.m)	69.32	69.89	68.86	–1.5
Volume of waste generated (t)	2,944.22	2,711.11	2,696.79	–0.5
Volume of waste transferred for disposal and treatment (t)	555.08	531.57	411.21	–22.6
Environmental impact fee (RUB '000)	226.58	170.77	218.58	+28.0
Installation of bird diverters at power grid facilities	4,978	4,217	2,977	–29.4



Gross emissions of pollutants into the ambient air decreased by 45.8% compared to 2021. Operation of vehicles, machines (cutting, drilling, woodworking, turning and sharpening), the performance of welding and painting works, chemical analysis of transformer oils, transformer oil storage are the main sources of atmospheric air pollution.

Rosseti Kuban accumulates waste at its production sites for a period not exceeding 11 months for the purpose of further transfer to specialised organisations. Waste accumulation sites are equipped as required by environmental and sanitary legislation, selective storage is organised, waste is picked up in a timely manner, and personnel are informed of the rules for handling production and consumption

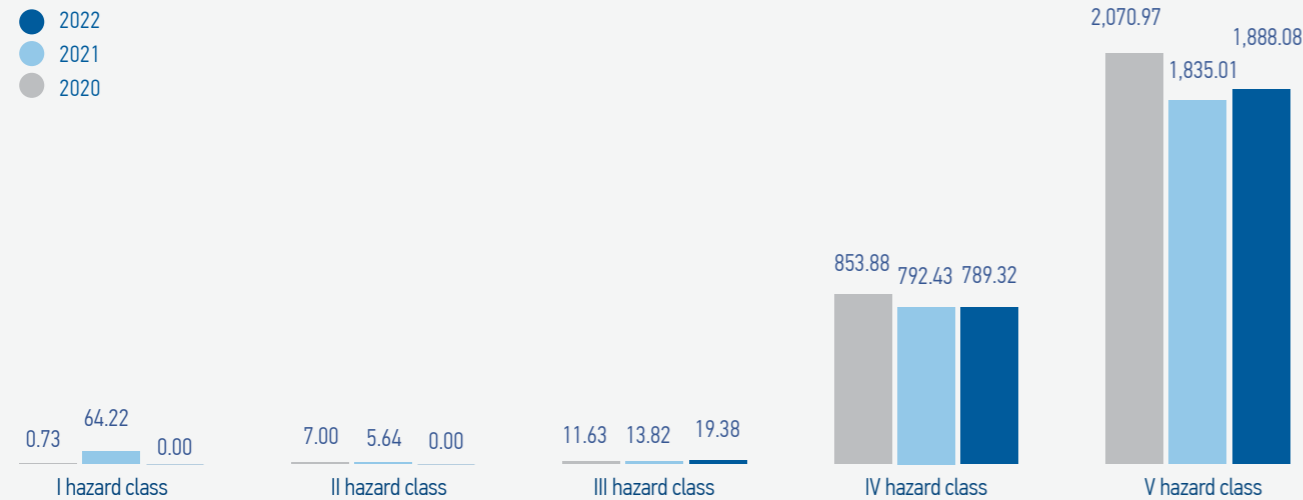
waste. In 2022, 22.6% less waste is transferred to specialised organisations for disposal and treatment compared to 2021. This is due to a reduction in the generation of hazard classes 1 and 2 waste.

Planning and implementation of environmental protection measures complied with the Environmental Policy of Rosseti Kuban and the obligations to apply the most advanced technical solutions that eliminate the impact of harmful substances on the environment, to prevent environmental risks, and to improve the environmental management system.

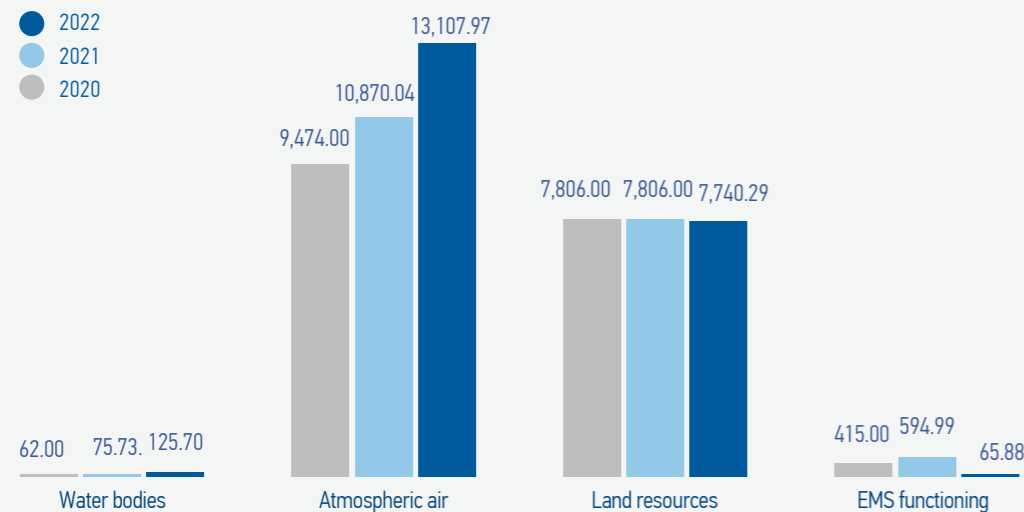
The Company keeps its voluntary environmental responsibility mechanisms up to date. Rosseti Kuban's environmental

management system has been put in place, assessed and certified as meeting the requirements of ISO 14001 international standard, Environmental Management System, since March 2009. No non-compliance with the requirements of ISO 14001:2015, Environmental Management System, was identified in 2022 based on the results of a surveillance audit conducted by Russian Certification Technologies, LLC. The environmental management system enables the Company to effectively manage environmental risks, prevent and reduce its negative impact on the environment, thus enhancing the Company's image.

**WASTE GENERATED, TOTAL (T)**



**CURRENT ENVIRONMENTAL CONTROL COSTS (RUB '000)**



# ENERGY CONSUMPTION AND ENERGY SAVING

In the reporting year, the Company performed the work on energy saving and energy efficiency improvement according to the following documents:

- Decree of the Government of the Russian Federation No. 161 dated 11 February 2021 On Establishing Requirements for Regional and Municipal Energy Saving and Energy Efficiency Improvement Programmes
- Federal Law of the Russian Federation No. 261-FZ dated 23 November 2009 On Energy Saving and Enhanced Energy Efficiency, as well as Amendments to Certain Legislative Acts of the Russian Federation
- Decree of the Government of the Russian Federation No. 340 dated 15 May 2010 On the Procedure for Setting Requirements

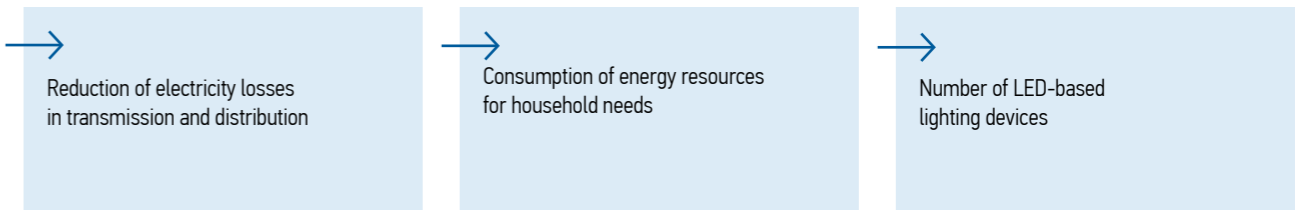
for Energy Saving and Energy Efficiency Improvement Programmes of Organisations Engaged in Regulated Activities

- Decree of the Government of the Russian Federation On Investment Programmes of Electric Power Industry Entities No. 977 dated 1 December 2009 (as amended)
- Order of REC-PTD KT On Approval of Requirements for Programmes in the field of Saving Energy and Improving the Energy Efficiency of Organisations Engaged in Regulated Activities in the Krasnodar Territory No. 5/2011 dated 31 March 2011
- Law of the Krasnodar Territory On Energy Saving and Energy Efficiency Improvement in the Krasnodar Territory No. 1912-KZ dated 3 March 2010

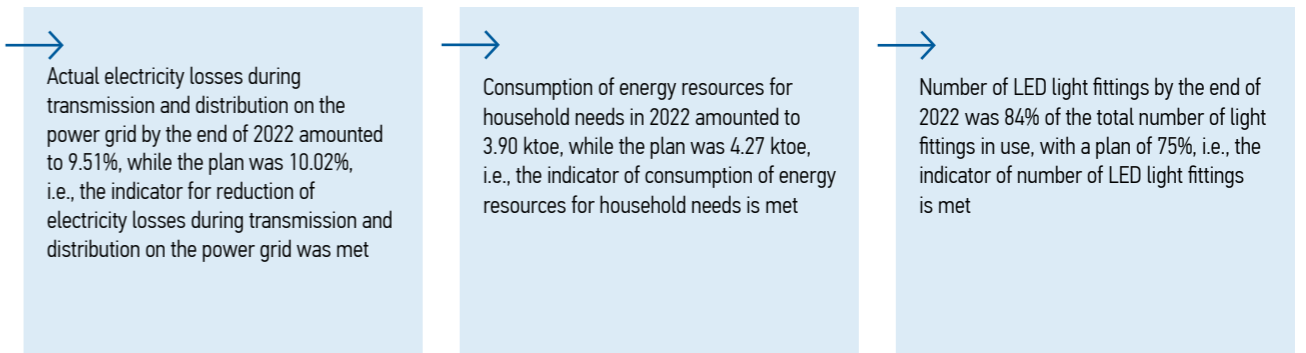
- Energy Saving and Energy Efficiency Improvement Programme of Rosseti Kuban for 2017–2022, approved by decision of the Board of Directors on 2 June 2021 (Minutes No. 436/2021)

To make sure that the Programme is implemented as is right and proper, Rosseti Kuban appointed the persons responsible for arranging and monitoring its fulfilment, and established working groups as well.

**THE TARGETS OF THE PROGRAMME:**



**ACHIEVEMENT OF THE PROGRAMME'S TARGETS:**





## INDICATORS FOR ENERGY CONSUMPTION AND ENERGY SAVINGS IN 2020–2022

Indicators	UoM	Period			Δ 2022/2021 (%)
		2020	2021	2022	
Consumption of energy resources for household needs of administrative and industrial buildings	ktoe	4.14	4.16	3.90	-6.3
	RUB mn	120.74	123.75	123.39	
Consumption of natural resources for household needs of administrative and industrial buildings	thsd cu.m	68.70	69.45	68.43	-1.5
	RUB mn	2.51	2.62	2.41	
Motor fuel consumption by motor vehicles and special-purpose vehicles	ktoe	8.72	8.79	8.81	0.2
	RUB mn	284.92	303.55	327.67	

## AMOUNT OF ENERGY RESOURCES USED BY THE COMPANY IN 2022

S. No.	Types of resources	UoM	2022 (plan)	2022 (actual)	Variation (%)
1	atomic energy	The resource is not used			
2	thermal energy	Gcal	2,655.85	3,023.67	13.8
		RUB mn	9.18	6.45	
3	electric energy	mn kWh	31.22	28.02	-10.2
		RUB mn	127.20	116.31	
4	electromagnetic energy	The resource is not used			
5	petroleum	The resource is not used			
6	motor petrol	thsd l	4,383.10	4,482.84	2.3
		RUB mn	183.13	189.36	
7	diesel fuel	thsd l	3,312.26	3,030.94	-8.5
		RUB mn	138.15	138.32	
8	furnace fuel oil	The resource is not used			
9	natural gas	thsd cu.m	122.93	94.41	-23.2
		RUB mn	1.69	0.64	
10	coal	The resource is not used			
11	oil shale	The resource is not used			
12	peat	The resource is not used			
13	others	The resource is not used			

## MANAGEMENT SYSTEMS

The Company put in place the following management systems.

### 1. Quality Management System (QMS)

QMS is a part of the Company's overall management system with the own organisational structure, processes, procedures, and resources necessary for the general quality management.

The Company's QMS was put in place and successfully passed certification/recertification audits for compliance with ISO 9001:2008 from 2009 to 2017 and for compliance with ISO 9001:2015 from 2018 to 2021.

In 2022, during the 1st surveillance audit, the certification body ROSTEHSERT, LLC confirmed the compliance of the Company's QMS with the requirements of ISO 9001:2015. The Company received confirmation of the validity of the Quality Austria Certificate Reg. No. 25523/0 dated 19 January 2021.

### 2. Environmental Management System (EMS)

EMS is a part of the Company's overall management system with its own organisational structure, mechanisms, procedures, and resources necessary for management of the environmental aspects of activities through developing and achieving the environmental policy goals.

The Company's EMS was put in place and successfully passed certification/recertification audits for compliance with ISO 14001:2004 from 2009 to 2017 and for compliance with ISO 14001:2015 from 2018 to 2021.

In 2022, during the 1st surveillance audit, the certification body ROSTEHSERT, LLC confirmed the compliance of the Company's EMS with the requirements of ISO 14001:2015. The Company received confirmation of the validity of the Quality Austria Certificate Reg. No. 04287/0 dated 19 January 2021.

### 3. Energy Management System (EnMS)

EnMS is a part of the Company's overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the energy policy through the Programme on Energy Saving and Energy Efficiency Improvement.

The Company's EnMS was put in place and successfully passed certification/recertification audits for compliance with ISO 50001:2011 from 2015 to 2020 and for compliance with ISO 50001:2018 from 2018 to 2021.

In 2022, during the 1st surveillance audit, the certification body Russian Register Certification Association confirmed the compliance of the Company's EnMS with the requirements of ISO 50001:2018. The Company received confirmation of certificate No. 21.2469.026 dated 8 December 2021.

### 4. Labour Safety and Health Protection Management System (LS&HPMS)

The LS&HPMS is a part of the general management system that helps manage risks and improve occupational health and safety performance.

The Company's LS&HPMS was put in place and successfully passed certification/recertification audits for compliance with ISO OHSAS 18001:2007 from 2009 to 2020 and for compliance with ISO 45001:2018 from 2018 to 2021.

In 2022, during the 1st surveillance audit, the certification body ROSTEHSERT, LLC confirmed the compliance of the Company's 45001 with the requirements of ISO 45001:2018. The Company received confirmation of the validity of the Quality Austria Certificate Reg. No. 01101/0 dated 19 January 2021.

### 5. Innovation Management System (IMS)

The IMS is part of the Company's overall management system, which defines the basic principles of innovation and scientific & technological development aimed at improving the efficiency of Rosseti Kuban's operations through the development and implementation of new technologies, engineering, production and market launch of new innovative products and services.

In 2022, during the certification audit, the certification body ROSTEHSERT, LLC confirmed the compliance of the Company's IMS with the requirements of GOST R 56273.1-2014/CEN/TS 16555-1:2013. The Company received Certificate of Conformity No. ROSS RU.FK11. K00649 dated 21 June 2022.

The Company's management systems comply with the requirements of international standards ISO 9001, ISO 50001, ISO 14001, ISO 45001 and GOST R 56273.1-2014/CEN/TS 16555-1:2013 and are combined in an integrated management system.

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**INFORMATION ON AVAILABILITY OF CERTIFICATES**

Management system	Certificate validity	Certification authority
ISO 9001 <sup>1</sup>	18.02.2024	ROSTEKHSERT, LLC
ISO 14001 <sup>2</sup>	18.02.2024	ROSTEKHSERT, LLC
ISO 45001 <sup>3</sup>	18.02.2024	ROSTEKHSERT, LLC
ISO 50001 <sup>4</sup>	28.12.2024	Russian Register Certification Association
GOST R 56273.1-2014/CEN/TS 16555-1:2013 <sup>5</sup>	21.06.2025	ROSTEKHSERT, LLC

Main participants of the management systems:

- Board of Directors of the Company
- Company's executive bodies – General Director and the Management Board
- Representative of the Company's management on the relevant management system
- Business unit that supports the functioning of management systems
- Business units of the Company and S&As involved in the functioning of management systems

**KEY OPERATING RESULTS OF THE MANAGEMENT SYSTEMS**

<p>Increased reliability and stability of power supply</p> <p>For more details, see <a href="#">Reliable and Efficient Operation of the Energy System section</a>.</p>	<p>Enhanced energy efficiency</p> <p>For more details, please see the <a href="#">Energy Consumption and Energy Saving section</a>.</p>
<p>Higher safety of power supplies</p> <p>For more details, see <a href="#">Reliable and Efficient Operation of the Energy System section</a>.</p>	<p>Environmental safety</p> <p>For more details, please see the <a href="#">Environmental Protection</a>.</p>
<p>Labour safety and health protection during production activities, including reduction of total number of accidents in keeping with Labour Safety and Environmental Protection statutory requirements</p> <p>For more details, please see the <a href="#">Occupational Health and Safety Section</a>.</p>	<p>Enhanced quality level of grid connection services</p> <p>For more details, please see the <a href="#">Grid Connection section</a>.</p>
<p> In general, Management Systems demonstrated <b>positive operating results</b> over the past year.</p>	
<p>Improved procurement performance</p> <p>For more details, please see the <a href="#">Innovative Activities section</a>.</p>	

**ANTI-CORRUPTION POLICY OF THE COMPANY**

Rosseti and its S&As' Anti-Corruption Policy sets forth a consistent approach to compliance with Clause 13.3 of Federal Law No. 273-FZ dated 25 December 2008 On Combating Corruption in Part that Concerns the Company's Obligations to Develop and Put in Place Measures to Prevent and Combat Corruption, including:

- Identification and further elimination of causes of corruption (anti-corruption)
- Identification, prevention and suppression of corruption and sundry offences
- Minimisation and (or) liquidation of the consequences of corruption and sundry offences

[The full text of the Anti-Corruption Policy of the Company is available in the About the Company / Anti-Corruption Policy section on the official website of Rosseti Kuban.](#)

In the reporting year, the Anti-Corruption Plan for 2022 was approved by Order of Rosseti Kuban No. 73-od dated 9 February 2022.

In 2022, the following was done to promote the Company's Anti-Corruption Policy.

Anti-corruption policy aspect	Measures taken in 2022
Establishment of the inner control and risk management process to prevent and combat corruption	Reports on the results of anti-corruption monitoring for 2021 and the first six months of 2022 were prepared and forwarded to the Management Board, the Audit Committee and further to the Board of Directors of the Company for review. The reports were reviewed and taken into account by the Audit Committee and the Board of Directors of the Company without any comment. The 2nd line of defence report for 2021, along with the results of self-assessment of control procedures efficiency as of the end of 2021 and quarterly updated passports of functional risks, business process risks, and Progress report on the Risk Management Action Plan for the Anti-corruption sub-process were prepared and forwarded to the Company's management
Identification and clearing of conflict of interests	During annual declaration of conflicts of interest of employees for 2021, 2,255 declarations were collected and 5 pre-conflict situations in the Company's branches were identified. By the end of 2022, all pre-conflict situations were resolved. Rosseti Kuban Corporate Ethics Compliance and Conflict of Interest Commission had two meetings. They reviewed the submitted statements of income, property and property liabilities born by the top managers or their immediate family members in 2021. As a result, no signs of affiliation, conflict of interest, or pre-conflict cases were identified. Conflicts of interests were declared for candidates for vacant positions at the Company. In 2022, 173 opinions were issued on the screening of candidates applying for vacant positions at Rosseti Kuban, 43 of which were negative
Development and introduction of standards and procedures to ensure good practice	In 2022, agreements on compliance with the requirements of the Anti-Corruption Policy and the Code of Corporate Ethics and Conduct of Employees were obtained from 86 new hires of the Company. The Company developed and effected six organisational decrees on anti-corruption compliance and the implementation of its Anti-Corruption Policy
Review and verification of reports of possible corruption and sundry abuses	In 2022, the Company received 11 reports of possible corruption and other abuses via the feedback form in the Anti-Corruption Policy section of Rosseti Kuban's website. The Company carefully looked into every such report. None of the reported cases was confirmed

<sup>1</sup> ISO 9001 — Quality management system.

<sup>2</sup> ISO 14001 — Environmental management system.

<sup>3</sup> ISO 50001 — Energy management system.

<sup>4</sup> ISO 45001 — Labour Safety and Health Protection Management System.

<sup>5</sup> GOST R 56273.1-2014/CEN/TS 16555-1:2013 — Innovation Management System.



Anti-corruption policy aspect	Measures taken in 2022
Anti-corruption measures in interaction with partners and subcontractors	Information about signed agreements, additional agreements, and new subcontractors or business partners was added on a daily basis to the Company's automated system for collection and analysis of beneficiary data; in 2022, more than 69,000 agreements and additional agreements were uploaded there. The procurement documentation underwent the approval procedure. In 2022, the Company participated in 821 procurement procedures, reduced the initial (maximum) price in 101 procurement procedures for the total amount of RUB 17.78 million, and cancelled two procurement procedures for RUB 23.63 million. More than 6,600 agreements submitted for procurement procedures include an anti-corruption clause and a beneficiary disclosure obligation for the counterparty
Joint corporate efforts to prevent and combat corruption	The Company participated in the Knowledge Day organised by Rosseti Group on implementing the instructions of the President of the Russian Federation on the National Anti-Corruption Plan for 2021–2024 in Rosseti Group and its S&As. Innovations in Russian anti-corruption legislation
Combating bribery of foreign public officials and officials of public international organisations	The Company received no reports on bribery of foreign public officials and officials of public international organisations from representatives of state authorities and law enforcement bodies of the Russian Federation, international and other organisations in 2022
Legal education and development of law-abiding behaviour, counselling and training for employees	The Company continuously updates its legal framework and takes all the necessary measures and anti-corruption procedures to instill zero tolerance to corruption in its employees. Over 2022, 804 employees of the Executive Office and branches of Rosseti Kuban underwent training under a programme on preventing and combating corruption. The Company modified its Territory without Corruption stand to increase the efficacy of awareness, education, and other initiatives designed to combat corruption. Along with the representatives of the Security Department of Rosseti, the representatives of the Company participated in the meetings of the working group, in the meeting of Rosseti Central Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution, in the end-of-year meeting

For 2023, the Company scheduled to approve and put in place its Annual Anti-Corruption Plan and to enhance the following mechanisms:

- Identification and clearing of conflict of interests
- Compliance with anti-corruption procurement standards
- Prevention of corruption in interaction with partners and subcontractors

## ECONOMIC SECURITY OF OPERATIONS

Ensuring the economic security of operations is one of Rosseti Kuban's most important tasks.

In the reporting year, to ensure the economic security of its own operations, the Company undertaken the following:

- Protecting the Company's interests against external and internal threats of an economic nature
- Combating the unaccounted electricity consumption and an increase in accounts receivable
- Interacting with law enforcement and supervisory authorities
- Conducting inspections of the following:
  - Whistleblowing reports of individuals and legal entities
  - Potential and existing subcontractors of the Company, their business reputation and financial position, and to identify and prevent possible unfair practices on their part
  - People recruited in terms of the credibility of their documents and the existence of compromising information about them

The amount of damage avoided in 2022 is 2.15 times higher than in 2021.

In the reporting year, the value of overdue accounts receivable decreased, and consequently, the General Director's KPI in this part was met.

In 2022, more than RUB 29 million of debts related to grid connections were recovered; the efforts in this area were made systematic, accounted for and controlled.

In 2022, there were 420 writs of execution for debts for electricity transmission services, which is 155 (58%) more than in 2021. In 2022, the recovery amounted to RUB 124.5 million, which is RUB 59.1 million, or 90%, more than in 2021. The amount owed under the enforcement documents, to be recovered, was RUB 1,238.63 million. There has been an increase in the number of enforcement documents.

The most significant results of economic security activities of the Company in the reporting year:

- Practices were established to counter illegal tampering and fraudulent schemes by third-party grid organisations
- Damage of more than RUB 160 million was prevented by stopping an attempt by a TGO to use fraudulent tariff schemes
- The Company participated in efforts to recover over RUB 3 billion in damages caused by a deliberate breach of contractual obligations on the part of a counterparty
- The Company initiated criminal proceedings under Article 165 of the Criminal Code against an individual entrepreneur who caused damage to the Company in the amount of RUB 1.8 million as a result of non-contractual electricity consumption. The court found the defendant guilty and sentenced him, while the civil claim of the Company against the individual entrepreneur for full compensation for damages (RUB 1.8 million) was satisfied

### KEY INDICATORS OF ECONOMIC SECURITY PERFORMANCE OF ROSSETI KUBAN IN 2020–2022

Indicators in terms of security	2020	2021	2022	Δ 2021/2022 (%)
Number of audits carried out with the involvement of branch security functions in the area of financial and economic activities to detect, prevent and recover (repay) damage	2,319	9,771	10,396	+6
Anti-corruption control of the stages of procurement activities (review of analytical notes, issues submitted to meetings of the Central Procurement Body (Central Tender Commission), anti-corruption expertise of draft agreements, check of procurement participants for possible affiliation with Company employees)	2,534	2,124	2,211	+4
Calls handled by the hotline about possible corruption and fraud	20	21	11	–10
Material damage prevented, based on the results of the work done (RUB mn)	5,170.21	132.2	284.06	+115
Percentage of security personnel trained in the Company's human rights policy or specific security procedures and their application (%)	25	29	34	+5 p.p.



# DISCLOSURE OF INFORMATION

## DISCLOSURE SYSTEM

The Information Policy of Rosseti Kuban is aimed at the complete satisfaction of shareholders, investment community, client, contractor, relevant market regulators, public authorities, employees and other interested parties seeking complete, relevant and accurate information about the Company and its activities, as well as the free and unhindered access to such information.

### PRINCIPLE OF INFORMATION TRANSPARENCY OF THE COMPANY

Principles	Principle implementation
Regularity, consistency and timeliness	<ul style="list-style-type: none"> <li>Continuity of the information disclosure process, for which the Company has a procedure to coordinate the work of all services and business units of the Company related to information disclosure or the activities of which may result in the need to disclose information</li> <li>Disclosure of information that may materially affect the valuation of the Company and the value of its securities as soon as practicable</li> <li>Disclosure of material information in the Russian Federation</li> <li>Timely provision of information about the Company's position on rumours or unreliable data creating a wrong impression of the Company's situation and the value of its securities, which puts the interests of shareholders and investors at risk</li> </ul>
Availability and accessibility	The Company uses a variety of information disclosure channels and methods, primarily electronic, accessible to the majority of stakeholders, which ensure free and unencumbered access of stakeholders to the information disclosed by the Company on a free-of-charge basis and without performing special procedures to become familiar with it
Reliability, completeness and comparability	<p>The Company provides:</p> <ul style="list-style-type: none"> <li>Clarity and consistency of the information disclosed and the comparability of the data provided (the ability to compare the Company's performance over different time periods)</li> <li>Objective and balanced nature of the information provided. When publicising its activities, the Company does not shy away from disclosing negative information about itself which is material to shareholders and investors</li> <li>Neutrality in financial and other disclosures, i.e., independence from the interests of any individuals or groups of individuals. Information is not neutral if the choice of its content or form of presentation is intended to achieve certain results or effects</li> </ul>

The Company's information transparency is based on the maximum exercise of the rights of shareholders, their representatives, potential investors and other interested parties to receive information on the Company's activities. The prerequisites for this are:

- Protection of restricted information, including information constituting a state, commercial or other secret protected by law, including personal data, as well as insider information

- Compliance with the rules for the distribution and use of insider information as set out in the Company's internal documents
- The Company has in place the Regulations on the Information Policy<sup>1</sup> describing the goals, objectives, principles, procedures, and terms of information disclosure and the list of data disclosed.

Apart from the data subject to obligatory disclosure, the Company publishes detailed information on its operations, securities and shareholders, as well as its governing and control bodies, significant transactions, and subsidiaries and affiliates.

<sup>1</sup> The Regulations on the Company's Information Policy are published on the website of Rosseti Kuban in the About the Company / Constituent and Internal Documents section.

In parallel with the disclosure of information in Russian, the Company discloses information about the Company (including the announcement of the shareholders' meeting, the Company's annual report, accounting (financial) statements) in English and provides free access to it.

The information about the Company operations is disclosed mostly through publishing the data on the corporate website, in the news feed of the authorised information agency (Interfax), in printed and electronic media, as well as via meetings, interviews, and briefings with the Company's shareholders and other stakeholders, etc.

The information policy shall be implemented by the sole executive body of the Company.

The Board of Directors controls the implementation of the Information Policy Regulations by considering the annual reports of the General Director on compliance with the Information Policy.

The Company ensures the preparation and disclosure of the annual report, which provides shareholders and investors with a full picture of the Company's activities and development during the reporting year. For this purpose, in addition to the information required by

Russian law, the Company strives to include in the annual report additional information as provided for by the Regulation on Information Policy.

The annual reports of the Company for 2015, 2016, and 2018–2021 were shortlisted by relevant annual report competitions held by Moscow Exchange and the RCB media group in the category of the Best Annual Report of a Company with Capitalisation of under RUB 40 billion.

## COMMUNICATIONS WITH GOVERNMENTAL BODIES AND PUBLIC ORGANISATIONS

Building effective information channels with target audiences and implementing the Rosseti Group's unified communication policy is Rosseti Kuban's priority in the area of government relations and public relations.

In the reporting year, Rosseti Kuban was actively present in the public space of the regions, providing information support for working meetings of the Company's management with representatives of federal, regional and municipal authorities.

During 2022, a number of working meetings with representatives of the Russian Ministry of Energy, Rosseti Group, the authorities of the Krasnodar Territory and the Republic of Adygeya were covered:

- a working meeting of the Head of the Republic of Adygeya, M. Kumpilov, and acting General Director of Rosseti Kuban, B. Ebzeev, on modernisation of energy infrastructure in the Republic of Adygeya (February 2022)
- a working meeting in Sochi chaired by A. Ryumin, General Director of Rosseti, with B. Ebzeev, acting General Director of Rosseti Kuban, on the functioning and development of the energy infrastructure in the Krasnodar Territory (February 2022)
- a working meeting between the head of Krasnodar, A. Alekseenko, and the management of the Krasnodar branch of Rosseti Kuban on the renovation of the 110/10 kV Pochtovaya substation (April 2022)

- a working meeting between A. Kopaygorodsky, Head of Sochi City Resort, and E. Armaganyan, First Deputy General Director – Director of Sochi Power Grids branch of Rosseti Kuban, on the implementation of investment projects in 2022 (June 2022)
- a working meeting between the management of Rosseti Kuban and the TNS Energy Group on cooperation (July 2022)
- Participation of E. Armaganyan, First Deputy General Director, Director of Sochi Power Grids branch of Rosseti Kuban, in the meeting on implementation of the repair programme and preparation of Sochi power grid infrastructure for the autumn-winter period headed by A. Kopaygorodsky, Head of Sochi City Resort (October 2022)
- participation of the management of Rosseti Kuban in a meeting of the regional headquarters for ensuring the reliability and safety of power supply at the 2022 Congress of Young Scientists in Sochi, chaired by E. Lyapunov, Deputy General Director and Chief Engineer of Rosseti (November 2022)
- a working meeting of the Head of the Republic of Adygeya, M. Kumpilov, with the participation of the management of Rosseti Kuban on the development of the power grid complex and the implementation of measures for grid connection within the framework of major investment projects in the region (December 2022)

- The following PR campaigns were run:
- Information support for the implementation of the Company investment and repair programmes, the preparations to and operations during autumn and winter
  - Prevention of non-contractual and unaccounted consumption of electricity
  - Prevention of electric injuries to outsiders, including children and adolescents, at electric grid facilities
  - Explanation concerning the connection procedures for the Company grids (including the meetings with small and medium-sized business representatives), extending the list of additional services, the fulfilment of energy service contracts for the installation of remote electricity meters for the customers to reduce the electricity losses
  - Creation of awareness among the customers in the Krasnodar Territory and the Republic of Adygeya about the acts of illegal electricity meter replacement by third parties
  - Informational support for Rosseti Kuban measures related to interactions during massive blackouts under hazardous natural phenomena



## SOCIAL COMMUNICATIONS

In 2022, the Company continued implementing several target communication programmes to promote the image of a socially responsible company.

In the reporting year, about 120 secondary educational institutions of the Krasnodar Territory and the Republic of Adygeya were covered by measures under the comprehensive Programme to reduce the risks of injuries to personnel and third parties at the facilities of the power grid complex of Rosseti Kuban. More than 250 lectures and lessons on electrical safety were held, with around 20,000 students attending them.

To prevent electric trauma among children, creative contests, topic-related tours, and open days were organised. About 70 initiatives were held. The Company website runs an information platform for the Prevention of Child Electric Trauma containing various aids for teachers to arrange topic-related talks on electric trauma prevention.

To celebrate the 77th anniversary of the Victory, a PR project "Our Veterans" was run on the Company's official social media pages, featuring photos and videos of power engineers who are veterans of the Great Patriotic War. The official company website continued the historical and memorial project – Virtual Immortal Regiment, where every employee could share his or her family history and tell about relatives-heroes of the Great Patriotic War.

On International Children's Day 2022, Rosseti Kuban opened the #VmesteYarche themed educational shift at the All-Russian Children's Centre Orlyonok. Company experts held a lecture on New Age Energy as well as practical classes on electrical safety, master classes and an intellectual game called EnergoZaryad.

In August 2022, at the All-Russian Children's Centre Orlyonok, as part of the Rosseti Group energy project shift, specialists from Rosseti Kuban conducted a tour of the Lazurnaya

110 kV substation in the Tuapsinsky district, which supplies electricity to the infrastructure and residential buildings of the Orlyonok Children's Center, as well as the residents of Novomikhailovsky and Lermontovo villages and facilities of the health and recreation sector.

In September 2022, Rosseti's Young Professionals Open Corporate Championship, based on the WorldSkills methodology, was held in Krasnodar. Rosseti Kuban organised information support for the competition, as well as the opening and closing ceremonies of the Championship.

In November 2022, the Company held an electrical safety lesson, an EnergoZaryad thematic game and a lecture entitled New Age Energy for participants of the Young Power Engineer School at the Smena Children and Youth Centre.

## MEDIA COMMUNICATIONS

To promote brand recognition, positive image, and expand the audience of its media influence, the Company undertook close interactions with the leading regional and industrial media in 2022.

Public media events involving the Company's staff and management were aimed at building a positive and holistic image of the Company, strengthening its business reputation and increasing its publicity capital.

According to the SCAN-Interfax monitoring system, the total number of materials (printed, electronic, radio, TV) mentioning Rosseti Kuban exceeded 21,000 in 2022. There were 6,500 posts on social media.

During the reporting period, more than 670 news items were posted on Rosseti Kuban's corporate website. The information was also published on the Company's official social media accounts.

The most significant Company events represented in federal and regional media include:

- Implementation of Rosseti Kuban's investment campaign: modernisation and construction of new power facilities in the Krasnodar Territory and the Republic of Adygeya

- Development of the power grid complex in the Republic of Adygeya: over the next five years, Rosseti Kuban plans to allocate RUB 5.4 billion for these purposes and to renovate nine major feeding centres
- Elimination of the consequences of the disaster and rehabilitation of power grid facilities during 2022
- Holding of Rosseti's Young Professionals — an open corporate championship (WorldSkills format) in Krasnodar, based at the Corporate Energy Institute for Continuing Education
- Modernisation of electricity metering systems for household and industrial consumers in the area of responsibility of Rosseti Kuban
- Prevention of illegal placement of fiber-optic communication lines (FOCL) on overhead power line poles, within the Company's footprint
- Prevention of unauthorised electricity consumption and theft of electrical equipment
- Prevention of child electrical injuries
- PR support for Rosseti Kuban's socially-oriented projects

In 2022, the Company continued to work on filling the corporate website with the content and improving its structure. The technical upgrade of the website was undertaken to comply with the standards for proper obligatory and voluntary disclosure of information in a timely manner, to maintain the best level of transparency.

The results of Rosseti Kuban's Public Relations and Media Relations Directorate's work were highly praised in the regional and federal stages of professional competitions and awards in the field of public relations. At the prestigious ConTEKst Awards in 2022, the Power Engineers Against the Elements project was recognised as the best in the Communication Project category. The team also received a special award in the Social Energy category for covering the development of professional competence and excellence.

## CONVENTION AND EXHIBITION EVENTS

In June 2022, Boris Ebzeev, Acting General Director of Rosseti Kuban, took part in the St. Petersburg International Economic Forum. The Company and the EKRA Group signed a strategic partnership agreement at the Forum to advance scientific and technical collaboration in the development and application of cutting-edge and competitive technologies to boost the effectiveness of the power industry.

Boris Ebzeev, Acting General Director of Rosseti Kuban, participated in events organised with officials and leaders of significant public and

private firms during the All-Russian Week of Labour Protection in September 2022. A wide range of themes were discussed, including occupational safety and health management, new technology and digital workplace solutions, educational initiatives, and the adoption of a game approach.

Boris Ebzeev attended Russian Energy Week 2022 in October 2022, where he participated in the business programme and held a number of working meetings.

A delegation from Rosseti Kuban attended the St. Petersburg International Legal Forum in June 2022 and took part in business programme activities.

In December 2022, an employee of the Company won the competition in the field of Power Supply. Power Grids and Systems as part of the XXIII All-Russian Engineer of the Year 2022 Contest.





# PROCUREMENT

Rosseti Kuban performs procurement activity according to Federal Law On Procurement of Goods, Work, and Services by Certain Types of Legal Entities No. 223-FZ dated 18 July 2011, other statutory regulations of the effective legislation of the Russian Federation, the Company's Articles of Association, and the Unified Procurement Standard of Rosseti, PJSC (Procurement Regulation) (hereinafter referred to as the Standard).

The Standard was approved as an internal document by the resolution of the Board of Directors dated 29 December 2018 (Minutes No. 327/2018) and put into effect by Kubanenergo's Order No. 47 dated 18 January 2019. In accordance with the decisions of the Board of Directors, the Company adhered to all amendments to the Standard adopted by Rosseti. The Company's collegial working body for the development and implementation of unified procurement policy, ensuring the proper level of competition in procurement, objectivity, impartiality, and transparency of procurement procedures, fair and equal treatment of all participants in procurement procedures, and choosing contractors based on the results of regulated procedures is the Central Tender Committee.

Procurement principles:

- Information transparency of procurements
- Equality, fairness, absence of discrimination and unreasonable competition restrictions against the procurement participants

- Appropriate and efficient spending of monetary assets for acquiring the goods, works, services, and compliance with measures to reduce the customer expenditures
- Lack of restriction to participate in procurement by establishing unmeasurable requirements for procurement participants.
- Transparency and manageability of procurement activities
- Professionalism and competence of employees involved in procurement activities of Customers
- Compliance with applicable legislation governing the arrangement of procurement activities, as well as anti-corruption legislation, including the Anti-corruption Procurement Activity Standard (Appendix to the Standard)

The methods to perform procurement procedures and the conditions for their application are determined by the Standard.

## PROCUREMENT METHODS USED BY THE COMPANY

Competitive procurements

- Tender, auction
- Requests for offers, requests for quotations
- Competitive pre-selection
- Request for prices based on the results of competitive pre-qualification

Non-competitive procurements

- Preliminary selection
- Request for prices based on the results of competitive pre-qualification
- Price comparison
- Purchase from a single supplier (contractor)
- Procurement through participation in procedures arranged by product sellers

## PARTICIPATION OF SMALL AND MEDIUM-SIZED ENTREPRENEURSHIP (SME) IN PROCUREMENT CONDUCTED BY ROSSETI KUBAN

Since 2014, the Programme for Partnership between Rosseti Kuban and small and medium businesses has been implemented in the Company within the SME cooperation roadmap. Since 2018, Rosseti Kuban has joined the Programme for Partnership between the Rosseti Group of Companies and small and medium enterprises (Order No. 231 dated 6 March 2018), under which a unified register

of the Partnership Programme participants was created (thereby, the SME becomes a partner for all S&As of Rosseti).

Since 2014, the Company has an advisory body to address the efficiency of procurement, including purchases from SMEs; this body, along with the Company's employees, includes representatives of SME Corporation, JSC,

the Fund for Infrastructure and Educational Programmes, regional offices of the Russian Union of Industrialists and Entrepreneurs, the OPORA RUSSIA All-Russian Non-Governmental Organisation of SME, the Delovaya Rossiya All-Russian Public Organisation, and the Chamber of Commerce.

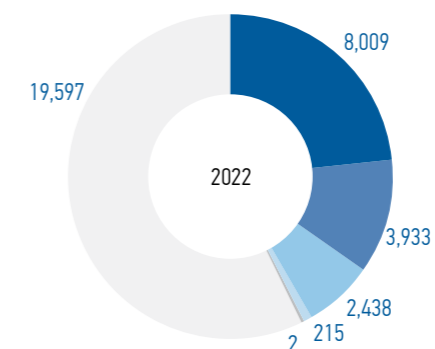
## KEY RESULTS OF THE COMPANY'S PROCUREMENT ACTIVITIES IN 2022

In 2022, the Company drew the balance on 1,493 procurement procedures totalling RUB 34,195.7 million. Using electronic commerce means, 1,346 purchases were made for RUB 32,571.1 million, which was 100% of the total volume of purchases (excluding purchases from a single supplier).

As a result of regulated procurements in the reporting year, the Company obtained an economic effect of RUB 4,566.0 million., which was 11.8% of the total planned annual expenditures for the purchase of goods, works and services.

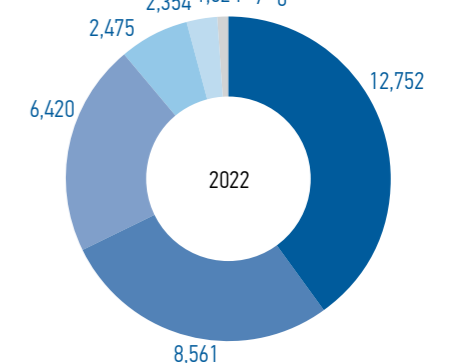
The results of 4 purchases of innovative and high-tech products totalling RUB 1,214.5 million were summed up as of the end of 2022.

BY TYPE OF ACTIVITY (RUB MN)



- New construction and expansion of power grid facilities
- Retrofitting and renovation of power grid facilities
- Energy repair production
- IT procurements
- Consulting services
- Other purchases

BY PROCUREMENT METHOD (RUB MN)



- Online auction
- Purchase from a single supplier based on the results of failed competitive procedures
- Online invitation for proposal
- Online tender
- Request for a quotation based on preliminary selection
- Purchase from a single supplier
- Participation in procedures organized by product sellers
- Pre-selection





INDICATORS FOR THE COMPANY'S PROCUREMENT ACTIVITIES FOR 2020–2022 (%)

	Period			Δ 021/2022 (p.p.)
	2020	2021	2022	
Share of open procurement procedures in total procurement volume	98.1	97.2	95.2	-2.0
Share of procedures carried out using e-commerce means (electronic trading platforms) in the total volume of purchases (excluding purchases from a single supplier)	100.0	100.0	100.0	0.0
Amount of savings achieved	10.6	3.3	11.8	+8.5
Share of SME procurements	91.7	82.2	81.2	-1.0
Share of purchases from SMEs only	29.2	19.9	25.2	+5.3

### IMPROVEMENT OF PROCUREMENT ACTIVITIES

The Company purchases goods and services mainly based on tenders from suppliers offering the best price-quality ratio, optimising procurement activity via the following methods:

- Using techniques to reduce the marginal purchase price
- Increasing the share of tenders
- Introducing mandatory actions to reduce prices of procurement participants (re-bidding, pre-contractual negotiations)
- Complying with the Company's Procurement Policy and the Programme for Partnership between Rosseti Kuban and SMEs
- Functioning of the advisory body on ensuring the effectiveness of purchases conducted by Rosseti Kuban, including from SMEs

### SUPPLY CHAIN

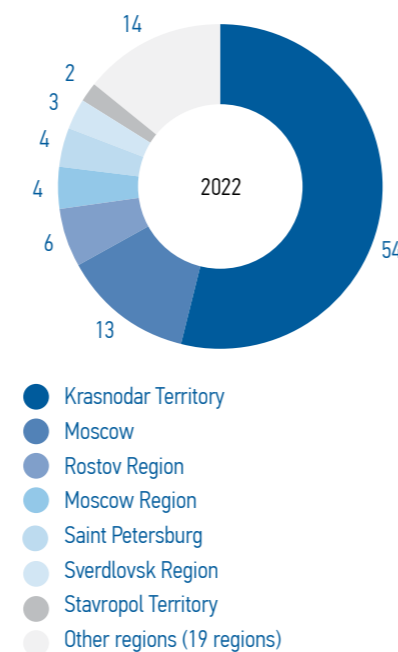
Rosseti Kuban's supply chain management strategy is aimed at optimising the procurement of goods/works/services through competitive procedures and long-term agreements.

Rosseti Kuban procures goods/works/services in all regions of the Russian Federation, but regional organisations are a priority for suppliers/contractors/executors.

In the reporting year, 296 suppliers/contractors/contractors were engaged for the procurement of goods/works/services related to repair, maintenance and as part of the Company's investment programme, which is 20% more than in 2021.

There were no significant changes in the supply chain during 2022.

REGIONS OF SUPPLIERS (CONTRACTORS, EXECUTORS) COOPERATING WITH ROSSETI KUBAN IN 2022, AND THEIR SHARES IN SUPPLIES (%)



# IMPORT SUBSTITUTION AND RELATIONS WITH EQUIPMENT MANUFACTURERS

In order to ensure technological safety of the power grid sector and reduce dependence on foreign products, equipment, technical devices and works/services of foreign companies and the use of foreign software, Rosseti Kuban is following the import substitution plan of Rosseti Kuban as well as the response plan in case of restrictions on the use of imported products.

The Company prepared an action plan to determine the level of dependence of Rosseti Kuban on imported products. The main goal of the plan is to identify the technological and economic risks that the Company faces from using imported goods in the event of

a significant fluctuation in foreign exchange rates and/or the imposition of sanctions by foreign governments, and to develop effective countermeasures to those risks, which includes by increasing the effectiveness of communication with Russian Federation defence industry enterprises.

In the reporting year, the share of imported equipment in the total volume of procurement of basic electrical equipment and materials in the Company was 8.31%, of which 57% is equipment (power transformers 6–10 kV, cosine capacitors) produced by member countries of the Customs Union of the Eurasian

Economic Union (Republic of Belarus, Republic of Kazakhstan), which passed quality control (certification) and obtaining documents confirming the ability to use the tested equipment, materials and systems at the facilities of Rosseti Kuban.

In order to decide whether local software solutions may replace imported ones, domestic operating systems and virtualisation technologies were tested on Rosseti Kuban's server facilities in 2022 based on recommendations from domestic software developers.





# Corporate Governance Report

The Company's corporate governance is in line with developed practices

The General Meeting of Shareholders resolved to pay a dividend out of net profit for 2021 and the first 9 months of 2022 for a total amount of

**2.8** RUB bn

assessment of the Board of Directors' performance for the corporate year 2021/2022 (with a maximum of 5 points)

The Company continued the placement of additional issue of shares, which was started in 2021

**28.6** mn

shares placed (for which **RUB 2.86 bn** was received)



In the reporting year, the Board of Directors of the Company approved the preferred risk (risk appetite)



“ During the reporting year, the Company continued to place additional shares that were registered on 1 April 2021, in order to carry out measures to develop the Republic of Adygeya’s energy infrastructure, renovate power plants in the Sochi power district, enhance the Company’s financial stability, and lower its debt load. By the end of the reporting year, 41.2% of the total issue, resulting in RUB 2.86 billion raised.



**YULIA GALINOVA**

Deputy General Director  
for Corporate Governance

# MEMORANDUM OF THE CONTROLLING SHAREHOLDER – ROSSETI, PJSC ON CONTROLLED POWER GRID COMPANIES

## PURPOSE OF OWNERSHIP AND PLANS FOR CONTROLLED SHAREHOLDINGS

Public Joint Stock Company Federal Grid Company – Rosseti (Rosseti, PJSC) is a public joint stock company with the state share in the authorised capital of 75.000048%.

In January 2023, following the completion of the reorganisation through accession of Public Joint Stock Company Russian Grids, Joint Stock Company Far East Energy Management Company – UNPG, Open Joint Stock Company Tomsk Main Grids and Joint Stock Company Kuban Main Grids, Rosseti became the parent company of Rosseti Group managing the transmission and distribution grids of the Russian Federation.

Rosseti, PJSC owns controlling stakes in 14 key electricity distribution companies: Rosseti Kuban PJSC, Rosseti Lenenergo PJSC, Rosseti Moscow Region PJSC, Rosseti Volga PJSC, Rosseti North-West PJSC, Rosseti Northern Caucasus PJSC, Rosseti Siberia PJSC, IDGC of Urals OJSC, Rosseti Centre PJSC, Rosseti Centre and Volga Region PJSC, Rosseti South PJSC, TDC PJSC, Rosseti Tyumen JSC and Yantarenergo JSC.

Rosseti, PJSC considers these controlled shareholdings to be strategic assets that are not planned to be disposed of.

## KEY ASSETS-RELATED OBJECTIVES

The primary goal of Rosseti in managing these subsidiaries, as stated in the Rosseti Group’s 2030 Development Strategy approved by the Board of Directors of Rosseti (Minutes No. 388 dated 26 December 2019), is to develop the power grid sector based on cutting-edge innovative technologies to meet customer demand and the socio-economic growth goals of the Russian Federation.

Rosseti, PJSC defined the strategic development priorities for the companies of the Group:

- Ensuring a reliable, high quality and affordable electricity supply and contributing to the energy security of the Russian Federation
- Ensuring further improvements in the efficiency of the core business, including through digitalisation and innovation

- Developing new business areas (non-tariff services and consumer services) through the digital transformation to ensure the Company’s resilience to changes in the sector
- Implementing the principles of sustainable development

## CORPORATE GOVERNANCE PRINCIPLES

Rosseti, PJSC manages the companies of the Group in accordance with unified corporate standards meant to ensure the efficiency of business processes and their quality control and to mitigate corporate risks as well.

As a controlling shareholder, Rosseti is fully aware of the importance of improving corporate governance in Group companies and is committed to ensuring openness and transparency of their activities and to implementing the recommendations of the Corporate Governance Code in their business practices.

While following best corporate governance practices, Rosseti, PJSC makes sure that every year the number of independent directors on Rosseti Group’s Boards of Directors whose shares are traded on exchanges is sufficient to comply with listing rules and

corporate governance principles. To ensure the independence and objectivity of Rosseti Group’s Boards of Directors of Group’s companies, Rosseti plans to maintain the number of independent directors on the boards at least at the current level.

Rosseti’s representatives also participate in the annual General Meetings of Shareholders of Group’s companies in order to build a dialogue with minority shareholders on the Company’s development prospects.

Rosseti guarantees compliance with market principles in the conduct of financial and business activities of the Group’s companies.

Rosseti, as a controlling shareholder, supports the initiatives of Group companies to protect the rights and interests of minority shareholders.

The dividend policy of the Rosseti Group is founded on the strict observance of shareholder rights as prescribed by Russian law and is targeted at enhancing the investment appeal of Group companies whose securities are admitted to organised trading and the expansion of their market capitalisation.



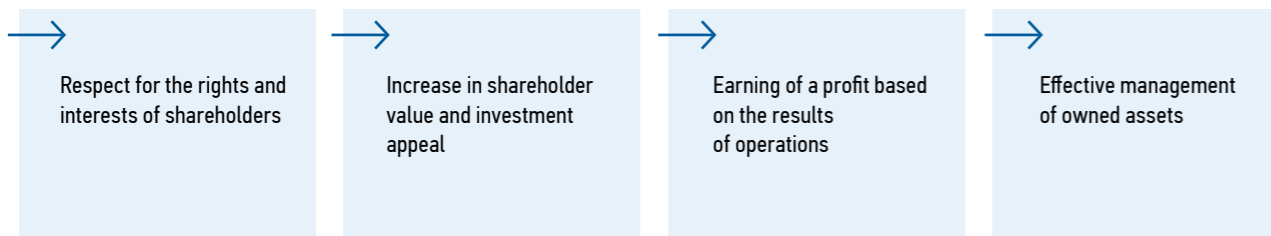
The amount of dividends recommended for payment is set by the Boards of Directors of Rosseti Group companies based on financial results, including those determined on the basis of consolidated IFRS statements.





# GENERAL INFORMATION ON CORPORATE GOVERNANCE

## OBJECTIVES OF THE COMPANY'S CORPORATE GOVERNANCE



## PRINCIPLES OF CORPORATE GOVERNANCE OF ROSSETI KUBAN

<p> <b>Accountability</b></p> <p>In accordance with Russian laws, the Bank of Russia's Corporate Governance Code approved on 21 March 2014, 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</p>	<p> <b>Transparency</b></p> <p>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</p>
<p> <b>Responsibility</b></p> <p>The Company acknowledges and ensures the rights of its shareholders and all stakeholders stipulated by the legislation of the Russian Federation</p>	<p> <b>Fairness</b></p> <p>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</p>



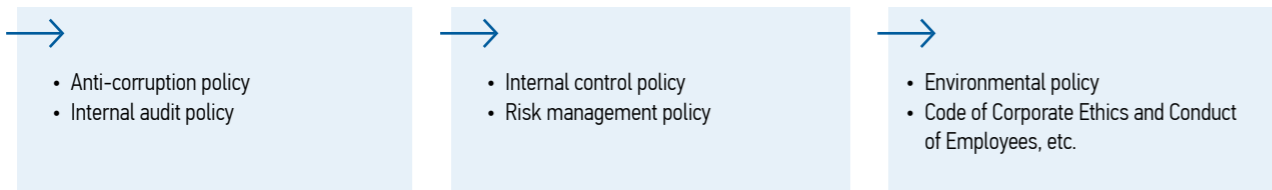
## KEY DOCUMENTS REGULATING CORPORATE GOVERNANCE IN THE COMPANY

- 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 of the Board of Directors
- Methodology of assessment of the performance of the Board of Directors and committees under the Board of Directors
- Corporate Governance Code
- Regulation on the Dividend Policy
- Regulations on insider information and information policy
- Regulations on the Corporate Secretary of the Company
- Procedure for interaction between the Company and Business Entities whose Shares (Stakes) are owned by Rosseti Kuban, PJSC, etc.

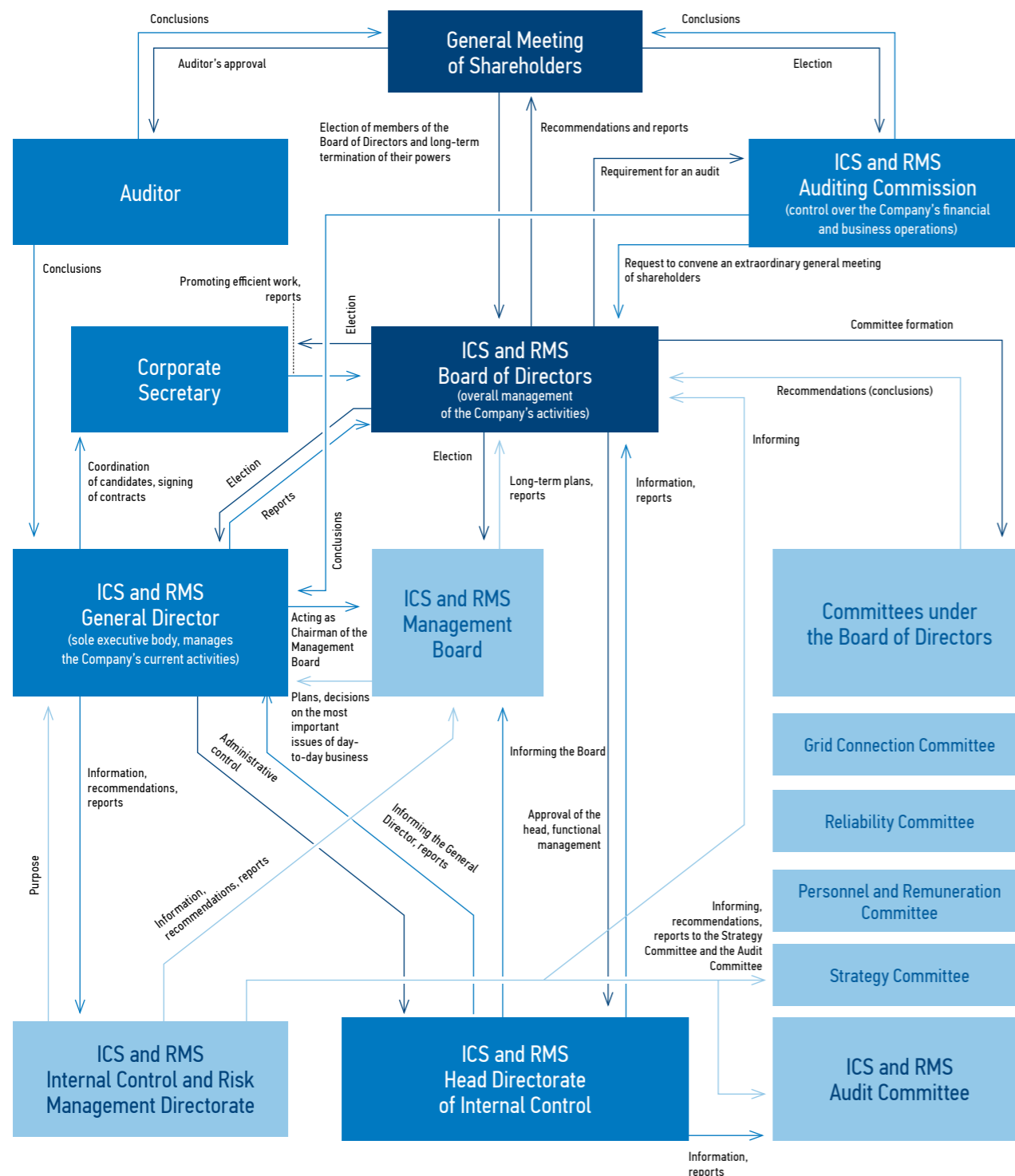
The above and other internal documents of the Company on corporate governance are published on the website of Rosseti Kuban, PJSC in the About the Company / Constituent and internal documents section



## POLICIES REGULATING THE MAIN BUSINESS PROCESSES OF THE COMPANY



### SYSTEM OF CORPORATE GOVERNANCE OF ROSSETI KUBAN<sup>1</sup>



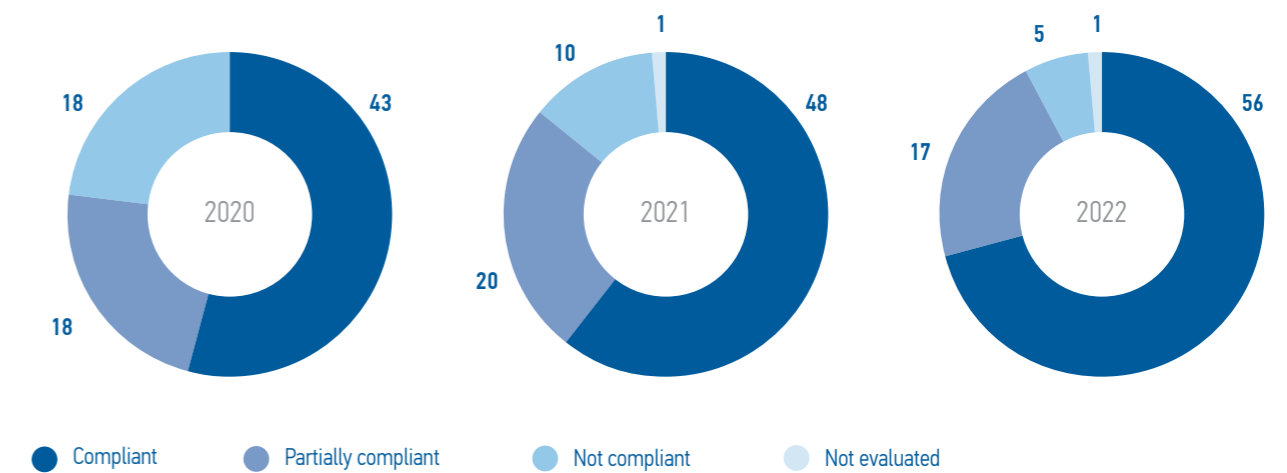
<sup>1</sup> ICS and RMS - Key participants of the internal Control and Risk Management System.

The Company has a Corporate Governance Code in place in order to ensure and protect the rights and interests of all of its shareholders, 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>2</sup>.

Rosseti Kuban abides by the principles and recommendations of the Corporate Governance Code of the Bank of Russia as well. The report on compliance with Corporate Governance Code in 2022 is available in [Appendix No. 1](#). The Board of Directors certifies that all report data contain full and reliable 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 of the Bank of Russia's Corporate Governance Code improved in the reporting year compared to 2020–2021.

### THE COMPANY'S COMPLIANCE WITH THE PRINCIPLES OF THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE IMPROVED IN THE REPORTING YEAR COMPARED TO 2020–2021



### PROMOTION OF CORPORATE GOVERNANCE SYSTEM IN 2022

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

In 2022, in accordance with Russian law, the annual General Meeting of Shareholders was held in the form of absentee voting, with shareholders being given the opportunity to vote by filling out electronic ballot forms on the official website of the registrar – NRC – R.O.S.T., JSC.

The annual General Meeting of Shareholders of the Company approved a new version of the Regulations on the Auditing Committee of the Company, which takes into account the amendments to Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies.

The Board of Directors of the Company approved:

- Amended Regulation on Information Policy accommodating the requirements of Bank of Russia Regulations No. 714-P On Disclosure of Information by Issuers of Equity Securities dated 27 March 2020, as well as Recommendations on Disclosure of Non-Financial Information by Public Joint Stock Companies Related to the Activity of Such Companies sent by Bank of Russia Letter No. IN-06-28/49 dated 12 July 2021
- Amendments to the Regulations on the Audit Committee under the Board of Directors

In the reporting year, the Board of Directors and its committees carried out a self-assessment of their

performance for the 2021/2022 corporate year, rating their work and organisation fairly highly (overall average score of 4.7 with a maximum score of 5). A total of 167 corporate events were held in 2022, including:

- 2 General Meetings of shareholders
- 44 meetings of the Board of Directors, with 99.2% attendance by members of this governing body, an increase of 11.5% compared to 2021
- 75 meetings of Board committees, with 100% attendance by committee members in the work of these bodies
- 46 meetings of the Management Board

<sup>2</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).

## PLANS FOR 2023

In 2023, 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 and 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 by-laws and conducting the necessary corporate procedures
- Conducting a 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
- Full and timely disclosure of information about the Company as required by the laws on joint stock companies and the stock market

## CORPORATE GOVERNANCE LEVEL ASSESSMENT

In the reporting year, the Company's internal audit conducted an assessment of corporate governance at the end of the 2021/2022 corporate year concerning its compliance with the laws of the Russian Federation, principles and recommendations of the Corporate Governance Code of the Bank of Russia, Listing Regulations of the Moscow Exchange and the best corporate practices. The assessment followed the Company's methodology, which corresponds to the standard corporate governance assessment method adopted at Rosseti's S&As.

Objectives of the assessment:

- Providing the Board of Directors of the Company, the Audit Committee of the Board of Directors of the Company, and the executive bodies of the Company with objective and independent information on the state of corporate governance in the Company and its efficiency
- Making recommendations to improve the Company's corporate governance

Following the results, the internal audit recognised the Company's corporate governance as corresponding to the developed practice level; it also noted that the potential for improvement on a number of issues depends on the standing of the main shareholder and other external factors that the Company cannot have influence on.

### THE RESULTS OF THE ASSESSMENT OF THE COMPANY'S CORPORATE GOVERNANCE IN THE 2021/2022 CORPORATE YEAR BY THE INTERNAL AUDIT

Component	Maximum score	for 2021/2022 corporate year		For reference: eligibility	
		Score Retailers	Eligibility (%)	for 2020/2021 corporate year (%)	for 2019/2020 corporate year (%)
Shareholders' rights	71	67	94.4	94.4	93.0
Board of Directors	154	118	76.6	77.6	74.4
Executive management	40	28	70.0	55.0	85.0
Transparency and disclosures	130	114	87.7	86.2	81.5
Risk management, internal control and internal audit	63	61	96.8	96.8	96.8
Corporate social responsibility, business ethics and compliance	31	31	100	100	100
<b>Total score</b>	<b>489</b>	<b>419</b>	<b>85.7</b>	<b>84.4</b>	<b>84.4</b>

# GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is a supreme management body of the Company. The General Meeting of Shareholders abides by the laws of the Russian Federation, the Articles of Association of the Company, and the Regulations on the General Meeting of Shareholders.

Resolutions of the General Meeting of Shareholders of Rosseti Kuban, PJSC are published on the corporate website in the About the Company / Management / General Meeting of Shareholders section.

The competence of the General Meeting of Shareholders is determined by the Federal Law on Joint Stock Companies and the Articles of Associations of the Company.

Two General Meetings of Shareholders of the Company were held in 2022

Date of a General Meeting of Shareholders	Date and Minutes Number of a General Meeting of Shareholders	Quorum of a General Meeting of Shareholders (% of total number of outstanding voting shares)	Key resolutions made by the General Meeting of Shareholders
16.06.2022	21.06.2022 No. 48	93.62% for all agenda items	To approve the annual report and the annual accounts of the Company for 2021  To approve the following distribution of the Company profit for 2021: <ul style="list-style-type: none"> <li>• RUB 85,592 thousand to the reserve fund</li> <li>• RUB 694,019 thousand for the development of the Company</li> <li>• RUB 932,223 thousand to dividend payments</li> <li>• RUB 0 thousand to recover losses from previous years</li> </ul> To pay dividends on the Company's ordinary shares for 2021 in the amount of RUB 932,223 thousand. To elect members to the Company's Board of Directors and the Auditing Commission To approve the association of auditors (joint participant) consisting of TsATR – Audit Services, LLC (leader of the joint participant) (TIN 7709383532, former name – Ernst & Young, LLC) and AC DELOVOY PROFILE, JSC (member of the joint participant) (member of the joint participant) (INN 7735073914) as the Company's auditor To approve the revised Regulation on the Auditing Commission of the Company
05.12.2022	08.12.2022 No. 49	93.81%	To pay out dividends on the Company's ordinary shares for 9 months of 2022 in the amount of RUB 1,943,544 thousand.

In accordance with Russian law, General Meetings of Shareholders in 2022 were held in the form of absentee voting.

The resolutions of these General Meeting of Shareholders to be enforced were accomplished.



# BOARD OF DIRECTORS

The Board of Directors is a collective governance body executing the general management of the Company's operations, defining its strategy, controlling the operations of the executive bodies of the Company, the implementation of resolutions made by the General Meeting of Shareholders, and the respect of the legitimate interests of the shareholders of Rosseti Kuban.

Main goals and objectives of the Board of Directors:

- Defining the development strategy of the Company, which is aimed to enhance its market value and investment attractiveness, to receive maximum profits, and expand corporate assets
- Providing the exercise and protection of the rights and legitimate interests of the shareholders, as well as assisting in corporate conflict resolution
- Providing for full, reliable and objective disclosure of the Company's information to shareholders and other parties concerned
- Establishing effective internal controls
- Conducting regular assessment of executive body activities and the Company's management operations

To achieve the goals and objectives set, the Board of Directors abides by the following principles:

- Decisions are to be made based on reliable information about the Company's operations
- Shareholders' rights to involvement with the management of the Company and the acquisition of the dividends and the Company's information are not to be restricted
- Interests of various shareholder groups are to be balanced and the Board of Directors shall make decisions that are objective and in the best interests of all of the Company's shareholders

The expenses incurred by the Company for D&O insurance of the members of the Board of Directors in 2022 amounted to RUB 7.5 million.

**In its operations, the Board of Directors abides by Federal Law on Joint Stock Companies and other federal laws and regulations of the Russian Federation, the Company's Articles of Association and the Regulation on the Board of Directors<sup>1</sup>.**

**According to the Articles of Association of Rosseti Kuban, the remit of the Board of Directors was expanded beyond the provisions of Federal Law On Joint Stock Companies.**

## MEMBERSHIP OF THE BOARD OF DIRECTORS

The Company's General Meeting of Shareholders elects the 11-member Board of Directors, who will serve in that capacity until the following annual General Meeting of Shareholders. If the Board of Directors is elected at an extraordinary General Meeting of Shareholders, the members of the Board of Directors are deemed elected for the period until the date of the next annual General Meeting of Shareholders.

First-time directors are given an opportunity to get an insight into the Company's strategy, corporate governance, risk management and internal control systems, the allocation of responsibilities among the Company's executive bodies and other material information on the Company's operations and financial and business activities.

The same membership of the Company's Board of Directors was in effect during the reporting year:

- Members elected on 30 December 2021 at the extraordinary General Meeting of Shareholders of the Company
- Members re-elected at the annual General Meeting of Shareholders on 16 June 2022

There is one woman on the Board of Directors.

## Members of the Board of Directors in office in the reporting year<sup>2</sup>

### DANIEL KRAINSKIY

Chairman of the Board of Directors, non-executive director<sup>3</sup>

Year of birth	1979
Education	Higher. Graduated from Moscow State Law Academy with a degree in jurisprudence, lawyer
Work experience for the last five years	
2017–2023	Deputy General Director for Legal Support of Rosseti, PJSC (primary place of employment)
Since 2022	Deputy General Director for Legal Support of Public Joint Stock Company Federal Grid Company – Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
Since 2018	Advisor to the General Director, member of the Board of Directors of Rosseti Lenenergo, PJSC
2018 – 2022	Chairman of the Board of Directors of Lenenergo Energy Service Company, JSC
Since 2019	Member of the Management Board of Rosseti Lenenergo, PJSC
2020–2022	Deputy General Director for Legal Support (part-time), FGC UES, PJSC
Since 2020	Member of the Board of Directors of Rosseti Northern Caucasus, PJSC, Rosseti Centre, PJSC, Rosseti Siberia, PJSC, IDGC of Urals, OJSC and Rosseti Moscow Region, PJSC. Member of the Board of Directors and the Management Board of the managing organisation (Rosseti Lenenergo, PJSC) Energotrans, LLC
Since 2021	Chairman (member) of the Board of Directors of TDC, PJSC, Rosseti Siberia Tyvaenergo, JSC, Rosseti Volga, PJSC, Rosseti South, PJSC, STC UES, JSC, Rosseti Tyumen, JSC, Rosseti Yantar, JSC, Rosseti Digital, JSC, STC FGC UES, JSC Member of Strategy Committee of the Board of Directors of Rosseti Kuban, PJSC
2021–2022	Member of the Board of Directors of Rosseti North-West, PJSC
2022–2023	Member of the Management Board of Rosseti, PJSC
Since 2022	Member of the Board of Directors of ECMC UES, JSC. Member of the Management Board of Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022)
Tenure on the Board of Directors of the Company	Since 3 June 2021

<sup>2</sup> Consent to the disclosure of personal information set out in the Corporate Governance Report section was obtained from all people who are or were members of the Company's management and control bodies. The statements of experience of the Board of Directors' members contain only the latest positions in each of their place of employment. All of the positions held by the Board members (in chronological order) can be found in quarterly reports of the Equity Issuer published online on the Company's website in the For Shareholders and Investors / Information Disclosure / Quarterly Reports of the Equity Issuer section. Information on the place of employment of the Board of Directors' members and the positions they hold are given in accordance with the data provided to the Company by them as at 28 February 2023.

<sup>3</sup> The status of the Board members (executive, non-executive, independent) is defined by the criteria of the Corporate Governance Code of the Bank of Russia.

<sup>1</sup> The Regulation on the Board of Directors of Rosseti Kuban, PJSC is published on the Company's website in the About the Company / Constituent and Internal Documents section.

**GRIGORY GLADKOVSKIY**

Non-executive director

Year of birth	1984
Education	Higher. Graduated from the Moscow State Institute of International Relations with a degree in finance and credit, international economist with knowledge of foreign languages
<b>Work experience for the last five years</b>	
2016–2018	Head of Digital Platform Division of Sberbank, PJSC
2018–2019	Advisor to the Director General of UEC, JSC
2019–2023	Deputy Chief Engineer of Rosseti, PJSC (primary place of employment)
Since 2023	Deputy Chief Engineer of Public Joint Stock Company Federal Grid Company – Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
Since 2019	Member of the Board of Directors of Operator of APCS, JSC
Since 2020	Chairman of the Board of Directors of NWEUK, JSC, FTC, JSC Member of the Board of Directors of ENIN, JSC, STC FGC UES, JSC
Tenure on the Board of Directors of the Company	Since 3 June 2021

**YURI GONCHAROV**

Non-executive director

Year of birth	1977
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>Moscow State Mining University with a degree in management, master's degree in management</li> <li>Moscow Institute of Economics, Politics and Law with a degree in jurisprudence, bachelor of jurisprudence</li> </ul>
<b>Work experience for the last five years</b>	
2013–2023	Chief Adviser of Rosseti, PJSC (primary place of employment)
Since 2023	Chief Adviser of Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) (primary place of employment)
Since 2014	Member of the Board of Directors of Rosseti Tyumen, JSC, IDGC of Urals, OJSC
2017–2019	Member of the Board of Directors of IDGC of Siberia, PJSC
2018–2019	Member of the Board of Directors of MOESK, PJSC
2020–2020	Member of the Audit Committee of the Board of Directors of IDGC of Urals, OJSC
Since 2020	Member of the Board of Directors of Rosseti Northern Caucasus, PJSC
2020–2021	Chairman of the Personnel and Remuneration Committee of the Board of Directors of Rosseti North-West, PJSC Member of the Board of Directors, member of the Personnel and Remuneration Committee, Deputy Chairman of the Audit Committee of the Board of Directors of Rosseti Lenenergo, PJSC
2020–2022	Member of the Boards of Directors of Rosseti Centre and Volga Region, PJSC, Rosseti North-West, PJSC Member of the Strategy Committee of the Board of Directors of IDGC of Urals, OJSC Chairman of the Audit Committee, a member of the Strategy Committee of the Board of Directors of Rosseti Northern Caucasus, PJSC Member of the Strategy Committee, Chairman of the Personnel and Remuneration Committee of the Board of Directors of Rosseti Centre and Volga Region, PJSC
2021–2022	Member of the Audit Committee of the Board of Directors of Rosseti Kuban, PJSC, Rosseti Tyumen, JSC
Since 2021	Member of the Board of Directors of Rosseti Volga, PJSC, Rosseti Centre, PJSC
Tenure on the Board of Directors of the Company	Since 31 August 2021

**ALEXANDER KAZAKOV**

Non-executive director

Year of birth	1948
Education	Higher. Graduated from Moscow Engineering and Economic Institute named after S. Ordzhonikidze with a degree in economics, engineer-economist. Holds a doctorate decree in Economics
<b>Work experience for the last five years</b>	
2011–2019	Chairman of the Board of Directors of DVEUK, OJSC
2018–2021	Member of the Board of Directors of IDGC of Centre, PJSC
Since 2018	Chairman, member of the Board of Directors of Rosseti Centre and Volga Region, PJSC
2020–2021	Member of the Board of Directors of Rosseti Volga, PJSC
Since 2021	Member of the Board of Directors of Rosseti South, PJSC Chairman of the Personnel and Remuneration Committee, member of the Audit Committee of the Board of Directors of Rosseti Kuban, PJSC
Since 2022	Member of the Board of Directors of Rosseti Volga, PJSC
Tenure on the Board of Directors of the Company	Since 3 June 2021

**MADINA KALOEVA**

Non-executive director

Year of birth	1980
Education	Higher. Graduated from the North Ossetian State University n.a. K. Khetagurov with a degree in jurisprudence, lawyer
<b>Work experience for the last five years</b>	
Since 2013	Director for Corporate Governance – Head of Corporate Governance Department of Public Joint-Stock Company Federal Grid Company –Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
2020–2023	Director for Corporate Governance – Head of Corporate Governance Department (part-time) of Rosseti, PJSC
Since 2014	Member of the Supervisory Board of UES SakRusenergo, JSC. Member of the Board of Directors of MTCES, JSC
2014–2021	Member of the Board of Directors of FGC UES Power Index, LLC
2015–2021	Member of the Board of Directors of FGC – Asset Management, LLC
Since 2017	Member of the Board of Directors of Agency for Forecasting of Electric Energy Balance, JSC
Since 2015	Member of the Board of Directors of IT Energy Services, LLC
Since 2021	Member of the Boards of Directors of Rosseti Centre and Volga Region, PJSC, STC UES, JSC, CTZ, JSC, ENIN, JSC
2021–2023	Member of the Board of Directors of Rosseti Digital, JSC. Chairman of the Board of Directors of Kuban Main Grids, JSC
2021–2021	Member of the Board of Directors of DVEUK-UNPG, JSC, NWEMC, JSC
Since 2022	Member of the Board of Directors of Rosseti Yantar, JSC, Rosseti North-West, PJSC, Rosseti Tyumen, JSC Member of the Audit Committee, member of the Strategy Committee of the Board of Directors of Rosseti Kuban, PJSC
Tenure on the Board of Directors of the Company	Since 31 August 2021



**KONSTANTIN KRAVCHENKO**

Non-executive director

Year of birth	1973
Education	Higher. Graduated from Voronezh Polytechnic Institute with a degree in power grid region design and technology, design & process engineer. Holds a candidate degree in Technical Science
<b>Work experience for the last five years</b>	
2012–2018	Head of the Department of Information Technology, Automation and Telecommunications of Gazprom Neft, OJSC
2018–2020	Director of Information Technology at the Corporate Governance Centre of the Moscow Representative Office of Uralvagonzavod Research and Production Corporation n.a. F. Dzerzhinsky
2020–2021	Deputy General Director for Information Technology, Uralvagonzavod Concern, JSC
2021–2023	Chief Advisor to General Director, Acting Deputy General Director for Digital Transformation of Rosseti, PJSC (primary place of employment)
Since 2021	Deputy General Director for Digital Transformation of Public Joint Stock Company Federal Grid Company – Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
2021–2022	Acting General Director of Rosseti Digital, JSC Member of the Board of Directors of Rosseti Tyumen, JSC, IT Energy Service, LLC, Infrastructural Investments-3, LLC Acting General Director of Rosseti Digital, JSC – the managing company Chitatehenergo, JSC
Since 2021	Member of the Board of Directors of Rosseti Digital, JSC, MTCES, JSC, Rosseti Siberia, PJSC, Rosseti Centre and Volga Region, PJSC, FTC, JSC
Since 2022	Member of the Board of Directors of NWEMC, JSC, Rosseti South, PJSC
Tenure on the Board of Directors of the Company	Since 30 December 2021

**MIKHAIL MEDVEDEV**

Independent director

Year of birth	1969
Education	Higher. Graduated from the Saint-Petersburg State University of Economics and Finance with a degree in finance and credit, economist
<b>Work experience for the last five years</b>	
2011–2019	Deputy General Director for Intra Tool Holding, LLC
2015–2018	Deputy General Director for Economics and Finance of Safonovo Industrial Park, LLC
Since 2017	Member of the Strategy and Development Committee of the Board of Directors of Tumenenergo, JSC Member of the Reliability Committee of the Board of Directors of Rosseti Kuban, PJSC
Since 2018	Adviser to General Director of Avangard, JSC (primary place of employment)
Since 2019	Member of Strategy Committee of the Board of Directors of Rosseti Kuban, PJSC
Tenure on the Board of Directors of the Company	Since 16 June 2017

**ALEXEY MOLSKIY**

Non-executive director

Year of birth	1980
Education	Graduated from Moscow Power Engineering Institute with a degree in power systems and grids, engineer, and economics and management of electric power enterprises, engineer-economist
<b>Work experience for the last five years</b>	
2006–2020	First Deputy Chairman of the Management Board of FGC UES, PJSC
2016–2020	Member of the Management Board of FGC UES, PJSC
2020–2023	Deputy General Director for Investments, Capital Construction and Service Sales, member of the Management Board of Rosseti, PJSC (part-time)
Since 2023	Deputy General Director for Investments, Capital Construction and Service Sales of Public Joint Stock Company Federal Grid Company – Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
Since 2014	Chairman of the Supervisory Board of UES SakRusenergo, JSC Member of the Supervisory Board of NPO Market Council Association
Since 2015	Member of the Board of Directors of TaigaEnergoStroy, JSC
Since 2019	Chairman, member of the Board of Directors of ECOM UES, JSC
2019–2023	Chairman, member of the Board of Directors of Tomsk Main Grids, OJSC
2019–2020	Chairman of the Board of Directors for Energosetproekt, JSC
Since 2020	Member of the Presidium of the CIGRE RNC Member of the Board of Directors of Rosseti Moscow Region, PJSC, Energocenter, JSC, Yantarenergosbyt, JSC Chairman of the Grid Connection Committee of the Board of Directors of Rosseti Kuban, PJSC
Since 2021	Member of the Boards of Directors of TDC, PJSC, Rosseti Tyumen Tyvaenergo, JSC, Rosseti Volga, PJSC, Rosseti North-West, PJSC, Rosseti Northern Caucasus, PJSC, Rosseti Centre, PJSC, Rosseti Siberia, PJSC, Rosseti Tyumen, JSC, CTZ, JSC, Rosseti Digital, JSC
2021–2021	Member of the Board of Directors of Rosseti South, PJSC
Since 2022	Member of the Board of Directors of IDGC of Urals, OJSC, Rosseti Lenenergo, PJSC, STC FGC UES, JSC, Mobile GTPP, JSC Member of the Management Board of Rosseti, PJSC
Tenure on the Board of Directors of the Company	Since 3 June 2021

**ALEXEY POLINOV**

Non-executive director

Year of birth	1978
Education	Higher. Graduated from Moscow State Construction University with a degree in economics and management at the enterprise (in construction), economist. Holds a candidate degree in Economics
<b>Work experience for the last five years</b>	
2018–2018	Advisor to the Director General of UEC, JSC
Since 2018	Advisor to the General Director, Deputy General Director for Economics and Finance of Rosseti Lenenergo, PJSC (part-time)
Since 2019	Member of the Management Board of Rosseti Lenenergo, PJSC
2021–2023	Chief Advisor, Acting Deputy General Director for Economics and Finance of Rosseti, PJSC
2022–2022	Acting Deputy General Director for Economics and Finance, FGC UES, PJSC
Since 2022	Deputy General Director for Economics and Finance of Public Joint Stock Company Federal Grid Company – Rosseti (former name until 12 October 2022 – FGC UES, PJSC) (primary place of employment)
Since 2021	Member of the Board of Directors of Rosseti Lenenergo, PJSC, Rosseti North-West, PJSC, Rosseti South, PJSC, Rosseti Moscow Region, PJSC, Rosseti Siberia, PJSC, IDGC of Urals, OJSC, Rosseti Yantar, JSC, Rosseti Tyumen, JSC, Rosseti Digital, JSC, FGC Asset Management, LLC, ECOM UES, JSC
Since 2022	Member of the Board of Directors and the Management Board of Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022)  Member of the Board of Directors, Rosseti Center, PJSC, Rosseti Northern Caucasus, PJSC
Tenure on the Board of Directors of the Company	Since 3 June 2021

**BORIS EBZEEV**

Executive director

Year of birth	1975
Education	Higher. Graduated from Lomonosov Moscow State University, with a degree in jurisprudence, lawyer. Holds a candidate degree in legal sciences
<b>Work experience for the last five years</b>	
Since 2014	Chairman of the Management Board, General Director of Rosseti South, PJSC (primary place of employment)
2014–2019	Member of the Board of Directors of Donenergo, JSC
Since 2015	Member of the Board of Directors of Rosseti South, PJSC
Since 2018	Chairman of the Board of Directors for VMES, JSC
Since 2021	Chairman of the Management Board, Acting General Director of Rosseti Kuban, PJSC (part-time)
Tenure on the Board of Directors of the Company	Since 31 August 2021

**VIKTOR YAVORSKIY**

Independent director

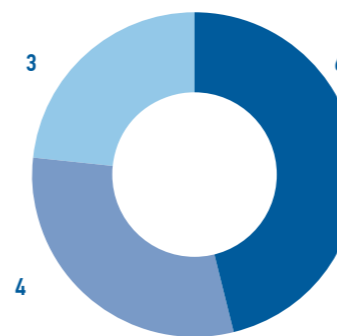
Year of birth	1955
Education	Higher. Graduated from Moscow Power Engineering Institute with a degree in automated control systems, system engineer
<b>Work experience for the last five years</b>	
Since 2002	General Director of Technology Centre, LLC
Since 2006	President of OSBI KLASS Audit and Consulting Group, LLC (primary place of employment)
Since 2013	Management Board Presidium member for All-Russian Non-Governmental Organisation of Small and Medium Business OPORA RUSSIA
Since 2014	General Director for TORI-AUDIT, LLC
2015–2019	Member of the Board of Directors of Tumenenergo, JSC
Since 2020	Chairman of the Audit Committee of the Board of Directors of Rosseti Kuban, PJSC
Tenure on the Board of Directors of the Company	Since 20 June 2019

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proportion of independent directors among members of the Board of Directors

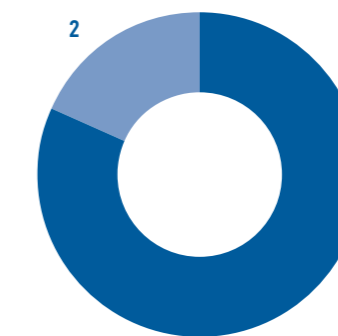
**STRUCTURE OF THE BOARD OF DIRECTORS OF THE COMPANY IN 2022 (%)**

IN TERMS OF EXPERTISE (PEOPLE)



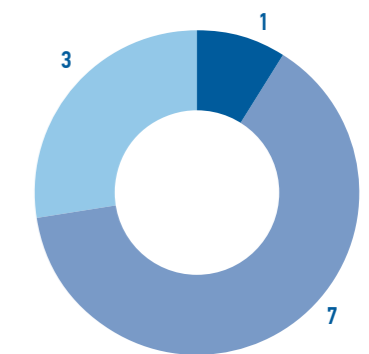
- Economics and Management
- Jurisprudence
- Power Engineering, Engineering

BY TENURE ON THE BOARD OF DIRECTORS OF THE COMPANY (PEOPLE)



- 1–2 years
- 3–6 years

BY AGE (PEOPLE)



- 31–40 years old
- 41–50 years old
- 51–75 years old

All people who were members of the Board of Directors of the Company in 2022 are citizens of the Russian Federation.

None of the members of the Board of Directors:

- Owned the Company shares or made transactions with them during the reporting year<sup>1</sup>
- Took training courses at the expense of the Company
- Had no family ties with people who are members of the bodies that manage and/or control the financial and economic activities of the Company

- Was held administratively liable for financial improprieties, offence regarding tax and fees or security market, or had any criminal record for economic crimes or crimes against the state
- Hold positions in the management bodies of commercial organisations during the period when bankruptcy proceedings were initiated against these organisations and/or one of the bankruptcy procedures provided for by the insolvency legislation of the Russian Federation was introduced

- Had any conflicts of interest (including those related to participation in the management bodies of the Company's competitors) in the reporting year
- Received any loans (borrowings) from the Company

<sup>1</sup> According to the data provided to the Company by the Board members.



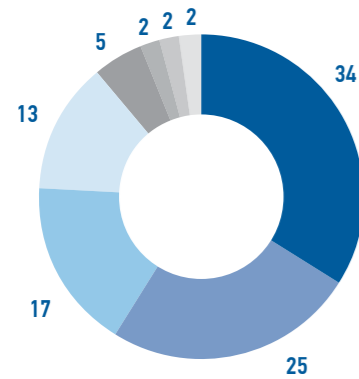
## PERFORMANCE OF THE BOARD OF DIRECTORS



### 44 meetings

In 2022, a total meetings of the Board of Directors were conducted, three of those were in a mixed format (in person and absentia), and the rest – in absentia (by polling).

### STRUCTURE OF ISSUES REVIEWED BY THE BOARD OF DIRECTORS OF THE COMPANY IN 2022 (%)



- Reports on the Company's activities
- Plans and internal documents
- Convening and holding of the General Meeting of Shareholders
- HR issues and remuneration
- Management of subsidiaries and affiliates
- Settlement of transactions
- Sponsorship and charity
- Other issues

The structure of the issues reviewed by the Board of Directors corresponds to its role in the management of the Company. The following topics are of highest importance in the structure of the issues reviewed:

- Convening and holding the General Meeting of Shareholders
- Approving plans and by-laws
- Reviewing management reports on various aspects of the Company's activities
- Reviewing HR issues and remuneration

### ACTIVITY OF THE BOARD OF DIRECTORS

Indicator	2020	2021	2022
Number of the Board meetings held	42	47	44
• Including in person (in mixed format)	2	4	3
Number of issues discussed	153	184	162
• Including decisions taken	153	184	162
Number of tasks given to the Company's executive bodies	21	26	34
Average attendance of the Board meetings by the Board members (%)	95.2	87.7%	99.2

### KEY RESOLUTIONS MADE BY THE BOARD OF DIRECTORS OF ROSSETI KUBAN, PJSC IN THE REPORTING YEAR

The following long-term Company plans and programmes were approved	<ul style="list-style-type: none"> <li>• Updated Digital Transformation Programme for 2020–2030</li> <li>• Updated programme for the renovation of power grid facilities</li> <li>• Plan for the development of the production asset management system and resource plan for its implementation</li> <li>• Forecasted figures of the business plan</li> <li>• Energy saving and energy efficiency improvement programme</li> <li>• Roadmap for the development of additional (non-tariff) services</li> <li>• Action plan for the transition to the predominant use of domestic software</li> <li>• Internal audit quality assurance and improvement programme</li> <li>• Information security programme</li> </ul>
The following annual and quarterly plans and programmes of the Company were approved	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Time-phased-action plan to reduce overdue receivables for electricity transmission services and to resolve disputes</li> <li>• Procurement plan</li> <li>• Non-state pension scheme for the Company's employees</li> <li>• Insurance coverage programme</li> <li>• Target KPIs for the General Director, Head and employees of the Company's internal audit function</li> </ul>
The following internal documents of the Company were approved	<ul style="list-style-type: none"> <li>• Scheme for the development of the Company's communication network,</li> <li>• Collective bargaining agreement</li> <li>• New revisions of the following documents:               <ul style="list-style-type: none"> <li>– Regulations on information policy</li> <li>– Regulations on insurance coverage</li> <li>– Regulations on uniform communication policy</li> </ul> </li> <li>• Amendments to:               <ul style="list-style-type: none"> <li>– Regulations on uniform technical policy in the power grid sector of Rosseti as an internal document of the Company</li> <li>– Regulations on the Audit Committee of the Board of Directors</li> <li>– Methodology for Calculating and Evaluating KPIs of the General Director</li> </ul> </li> </ul>
The following resolutions were taken	<ul style="list-style-type: none"> <li>• On the Company's adherence to the amendments to the Uniform Procurement Standard of Rosseti, PJSC (Procurement Regulations)</li> <li>• On the approval of the Company's listing prospectus</li> </ul>
The following documents were reviewed	<ul style="list-style-type: none"> <li>• Reports of the General Director on various aspects of the Company's financial and business activities and the implementation of the Board's resolutions</li> <li>• Draft revised Regulations on the Auditing Committee, distribution of profits for 2021, amount of dividends for 2021 and 9 months of 2022 (proposed for approval by the General Meeting of Shareholders of the Company)</li> </ul>

At meetings held in mixed format during the reporting year, the Board of Directors did as follows:

- Reviewed the progress report on the business plan for 2021, Q1 and H1 2022
- Reviewed the progress report on the investment programme for Q1 and H1 2022
- Approved time-phased-action plan to reduce overdue receivables for electricity transmission services rendered and to resolve disputes
- Reviewed the report on the Company's use of financial support

### PARTICIPATION OF THE BOARD MEMBERS OF ROSSETI KUBAN, PJSC IN MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES IN 2022

Full name	Number of meetings attended by a Board member (from those he/she was able to attend) <sup>1</sup>					
	Board of Directors	Reliability Committee	Audit Committee	Strategy Committee	Personnel and Remuneration Committee	Grid Connection Committee
Daniel Krainskiy, Chairman of the Board of Directors	44 of 44	–	–	22 of 22	–	–
Grigory Gladkovskiy	44 of 44	–	–	–	–	–
Yuri Goncharov	44 of 44	–	9 of 9	–	–	–
Alexander Kazakov	44 of 44	–	15 of 15	–	13 of 13	–
Madina Kaloeva	44 of 44	–	6 of 6	7 of 7	–	–
Konstantin Kravchenko	44 of 44	–	–	–	–	–
Mikhail Medvedev	44 of 44	–	–	22 of 22	–	–
Alexey Molskiy	44 of 44	–	–	–	–	8 of 8
Alexey Polinov	36 of 44	–	–	–	–	–
Boris Ebzeev	44 of 44	–	–	–	–	–
Viktor Yavorskiy	44 of 44	–	15 of 15	–	–	–

The Work Plan for the 2022/2023 corporate year was approved by the Board of Directors on 29 September 2022. It covers the following focus areas:

- Strategic development of the Company
- Mid-term and short-term planning of the Company's operations
- Workflow management of the Board of Directors

- Follow-up on the resolutions of the Board of Directors and the General Meeting of Shareholders

The plan includes:

- Essential issues to be considered at the Board meetings
- Deadline for consideration of issues accurate to within a month

- Format of meetings (with the right to define the final format of the meeting by the Chairman of the Board of Directors, in accordance with para. 6.12 of the Regulations on the Board of Directors)
- List of people (Company's executive bodies) responsible for the preparation of issues to be considered at the meetings of the Board of Directors

<sup>1</sup> Information on the participation of the Board's members in committees work is given only for the period when those persons were sitting on the Board of Directors.



## Performance assessment of the Board of Directors

In the reporting year, the Board of Directors and its committees carried out a self-assessment of their performance for the 2021/2022 corporate year, rating their work and organisation fairly highly (overall average score of 4.7 with a maximum score of 5).

### RESULTS OF THE SELF-ASSESSMENT OF THE BOARD PERFORMANCE

S. No.	Assessment criteria	Performance assessment – average score <sup>1</sup>	Assessment statement
1	The Board performing key functions in the management of the Company: <ul style="list-style-type: none"> <li>Shaping and overseeing the implementation of the strategy</li> <li>Ensuring the establishment of the internal control and risk management system and overseeing its effectiveness</li> <li>Evaluating the performance of senior management, implementing an effective incentive system</li> </ul>	4.5	The track record of the Company's Board of Directors is fairly highly rated by the majority of Board members The Board of Directors is actively involved in the work of the executive bodies, assessing their work and shaping their incentive system
2	Ensuring the safeguarding of assets	5	Track record of the Board of Directors in: <ul style="list-style-type: none"> <li>Ensuring competitive procurement and monitoring the implementation of the procurement policy</li> <li>Controlling over material controlled entities is highly rated by members of the Board of Directors</li> </ul> <p>The Board of Directors' expanded authority to analyse and approve material transactions gives it more control over the safeguarding of the Company's assets.</p>
3	Composition and structure of the Board of Directors	4.8	The main competencies required for effective operation are evenly distributed among the members of the Company's Board of Directors. Members of the Board of Directors have expertise in accounting and corporate finance, strategic management, corporate governance, risk management, as well as in areas specific to the Company's business. Independent directors are able to create their own opinions based on their professional qualifications, experience, and independence. They are also able to make fair and unbiased decisions without consulting the Company's executive bodies, certain shareholder groups, or other stakeholders.
4	Organisation of the work of the Board of Directors, including: <ul style="list-style-type: none"> <li>Management of the Board activity</li> <li>Infrastructural support</li> <li>Interaction of the Board of Directors with the Company's management</li> <li>Interaction of the Board of Directors with Board Committees</li> </ul>	4.9	Track record of organising the work of the Board of Directors of Rosseti Kuban in: <ul style="list-style-type: none"> <li>Organisational, legal, informational and infrastructural support</li> <li>Interaction of the Board of Directors with the Board Committees and the management of the Company as a whole is effective</li> </ul>

Minutes of the meetings of the Board of Directors of Rosseti Kuban are published on the Company's website in the About the Company / Management / Board of Directors section.

<sup>1</sup> The maximum score is 5.

# THE BOARD'S PROGRESS REPORT ON THE COMPANY'S KEY FOCUS AREAS

To pursue the Development Strategy of the Power Grid Complex of the Russian Federation as well as other strategies and programmes, the Company herein states its priorities.





## THE BOARD'S PROGRESS REPORT ON THE COMPANY'S KEY FOCUS AREAS IN 2022

				Progress in 2022			
Sl.No.	Priority	Basis	Baselines for 2022 targets	Plan	Actual	Reasons of non-compliance with the plan	Plans for 2023
1	Ensuring the established level of reliability and quality of services provided as statutory required	Decision of the Board of Directors dated 18 November 2011, Minutes No. 121/2011	Order No. 62/2017-e of the Regional Energy Commission – Department of Prices and Tariffs of the Krasnodar Territory dated 27 December 2017 "On Setting Tariffs for Providers of Electricity Transmission Services"	<p>Approved values:</p> <ul style="list-style-type: none"> <li>grid connection quality level indicator (<math>I_{GC}</math>) – 1.0 (with allowable deviation – more than 0.75 and less than or equal to 1.25)</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) – not more than 4.3143 h (with allowable deviation – not more than 5.6086 h)</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) – not more than 0.9950 interruptions (with allowable deviation – not more than 1.2935 interruptions)</li> </ul>	<p>Achieved values:</p> <ul style="list-style-type: none"> <li>Grid connection quality level indicator (<math>I_{GC}</math>) — 1.126</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) — 2.8424 h</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) — 1.2195 interruptions</li> </ul>	Indicators for reliability and quality of services provided are delivered	<p>Approved values:</p> <ul style="list-style-type: none"> <li>Grid connection quality indicator (<math>I_{GC}</math>) — not more than 1.0</li> <li>System average interruption duration index (<math>I_{SAIDI}</math>) — not more than 2.8310 h</li> <li>System average interruption frequency index (<math>I_{SAIFI}</math>) — 1.0974 interruptions</li> </ul>
2	Providing accessible energy infrastructure and good quality of grid connection to the Company's grids	Decision of the Board of Directors dated 12 September 2014, Minutes No. 196/2014	Process Regulations RP 00104604-ISM 006-2020 "Grid Connection" Efficiency is assessed by the quality of review of grid connection applications as specified in para. 2.9 of the Standard Procedure for Calculating and Evaluating the Achievement of Key Performance Indicators of the Individual Executive Bodies of Subsidiaries and Affiliates of Rosseti, PJSC engaged in electricity transmission and grid connection activities, approved by Order No. 300 of Rosseti, PJSC dated 15 May 2020, subject to the procedure for calculating and evaluating the KPI performance of the General Director of Rosseti Kuban, PJSC approved by Company Order No. 598-od dated 9 October 2020 as well as by indicator "Drafting and issuing the certificate of grid connection and other related documents to applicants with a maximum capacity of up to 150 kW consumer terminals", established by para. 3.1.1. of the Grid Connection Target Model approved by Order No. 147-r of the Government of the Russian Federation dated 31 January 2017	The planned value of the quality indicator for grid connection application review is $\leq 1.1$	1,001	1,001	To achieve the quality of review of grid connection applications of 1.1 maximum (in accordance with para. 2.9 the Standard Procedure for Calculating and Evaluating the Achievement of Key Performance Indicators of the Individual Executive Bodies of Subsidiaries and Affiliates of Rosseti, PJSC engaged in electricity transmission and grid connection activities, approved by Order No. 300 of Rosseti, PJSC dated 15 May 2020, subject to the procedure for calculating and evaluating the KPI performance of the General Director of Rosseti Kuban, PJSC approved by Company Order No. 598-od dated 9 October 2020
3	Planning the development of Company's distribution power grid complex	Decision of the Board of Directors dated 5 September 2011, Minutes No. 116/2011	Rosseti's Order No. 4 dated 10 January 2019	To be directly involved in the development of prospective development of the power grid sector in the Krasnodar Territory and the Republic of Adygeya	Was directly involved in the development of prospective development of the power grid sector in the Krasnodar Territory and the Republic of Adygeya To be directly involved in the development of the roadmap of development of electric power systems of Russia as it pertains to the development of the Kuban energy system		To be directly involved in the development of the roadmap of development of electric power systems of Russia as it pertains to the development of the Kuban energy system for the next regulatory period

Sl.No.	Priority	Basis	Baselines for 2022 targets	Progress in 2022			Plans for 2023
				Plan	Actual	Reasons of non-compliance with the plan	
4	Improving the counter-terrorism and anti-sabotage protection of the Company's grid facilities	Decisions of the Board of Directors dated 5 August 2010, Minutes No. 94/2010; dated 29 January 2015, Minutes No. 202/2015	In order to ensure the safety of the Company's facilities, the following measures are to be taken: <ul style="list-style-type: none"> <li>to observe Rosseti's Order No. 18 dated 22 January 2020 on the approval of counter-terrorism procedures for facilities of Rosseti S&amp;As as well as the Company's counter-terrorism regulations</li> <li>to keep the security equipment of the Company's facilities up and running</li> <li>to conduct random inspections of how officers of private security firms keep guard at the Company's facilities</li> <li>to give weekly briefing to dispatchers and personnel of off-site teams on duty on how to act if signs of a terrorist nature are detected at the Company's facilities</li> <li>to train staff of the Company's branches on how they should act when unauthorised persons and objects are detected at power facilities</li> <li>to update plans of the Company's emergency-response cooperation with law enforcers in the Krasnodar Territory and the Republic of Adygeya; to develop and coordinate appropriate cooperation procedures</li> <li>to equip the following stations with security engineering means: Boiko-Ponura substation, 110 kV Gazoapparat substation, 110 kV Kommunar substation, 110 kV Lebedi substation, 110 kV Albashi substation, and 110 kV Pereyaslovskaya substation</li> <li>to take measures to ensure safety of the Company's power facilities during the 2022 Volleyball World</li> </ul>	Except for the 2022 World Volleyball Championship, which was cancelled in the Russian Federation because of political reasons, all social and political events in the Krasnodar Territory were performed during the reporting year. The timing of equipment with security engineering means was adjusted to align with the amended investment programme. Thus, 110 kV Gazoapparat substation and 110 kV Albashi substation were equipped with security engineering means.	The plan was delivered	–	In order to ensure the safety of the Company's facilities, the following measures are to be taken: <ul style="list-style-type: none"> <li>to observe Rosseti's Order No. 18 dated 22 January 2020 on the approval of counter-terrorism procedures for facilities of Rosseti S&amp;As as well as the Company's counter-terrorism regulations</li> <li>to keep the security equipment of the Company's facilities up and running</li> <li>to renew the security service contracts and transfer them to the branch level</li> <li>to contract mobile security teams for the guarding of facilities</li> <li>to conduct random inspections of how officers of private security firms keep guard at the Company's facilities</li> <li>to give weekly briefing to dispatchers and personnel of off-site teams on duty on how to act if signs of a terrorist nature are detected at the Company's facilities</li> <li>to train staff of the Company's branches on how they should act when unauthorised persons and objects are detected at power facilities</li> <li>to prepare applications to include the categorised facilities in the investment programme of the Company for 2024 in terms of retrofitting and equipping the following substations with security engineering means: Port SS-220, Loris SS-110, Troitsky Vodozabor, Tonky Mys, Vyshestiblievskaya, Sochi, Verishchaginskaya, Bytkha, Bocharov Ruchei, Vishnevaya, Rodnikovaya, Yuzhnaya, Izumrudnaya, Imeritinskaya, Temporal, Ledovy Dvoretz, Veselaya, Laura, Rosa Khutor, Sportivnaya, Mzymta</li> <li>to ensure the safety of the Company's personnel during emergency and recovery work in the Territory</li> </ul>
5	Improving the Internal Control and Risk Management System, promoting the internal audit function	Decision of the Board of Directors dated 12 September 2014, Minutes No. 196/2014	Implementation of the plan for maintaining efficiency and developing the Company's internal control and risk management system for 2021–2023 approved by resolution of the Board of Directors of Rosseti Kuban, PJSC (Minutes No. 433/202 dated 24 May 2021) for 2022	Activities of the Plan planned for 2021–2022	The plan for 2022 was delivered	Implementation of measures in accordance with the Plan for maintaining efficiency and developing the Internal Control and Risk Management System of Rosseti Kuban, PJSC approved by decision of the Board of Directors of Rosseti Kuban, PJSC (Minutes No. 517/2023 dated 18 April 2023)	The main ICS and RMS objectives for 2023 are as follows: <ul style="list-style-type: none"> <li>Improving approaches to integrating risk management into key business processes</li> <li>Updating the regulating and methodological documents relating to ICS and RMS</li> <li>Implementing/updating and evaluating the effectiveness of existing control procedures, including self-assessment by process owners</li> <li>Promoting a culture of risk awareness, training on the organisation and operation of the ICS and RMS</li> </ul>
6	Innovative development while overseeing the delivery of the Company's current innovation development programme	Decision of the Board of Directors dated 30 March 2021, Minutes No. 426/2021	Board of Directors Decision No. 450/2021 dated 13 October 2021	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.15% of planned own revenues I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 4.6% of planned utilisation of the investment programme	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.21% of planned own revenues, 140% of the plan I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 3.5% of actual utilisation of the investment programme, 76% of the plan	The reason for the under-achievement of I <sub>INTEGRATION</sub> is the 34% increase (of the plan) in the utilisation of the investment programme due to the grid connection	I <sub>R&amp;D</sub> "R&D Cost Indicator" – 0.15% of planned own revenues I <sub>INTEGRATION</sub> "Innovative Product (Goods, Works, Services) Procurement Indicator" – 4.8% of planned utilisation of the investment programme



# COMMITTEES UNDER THE BOARD OF DIRECTORS

In order to provide for the efficient general governance of Rosseti Kuban, PJSC by its Board of Directors, the following committees were established.

<b>Reliability Committee</b>	<p>The committees have the status of collegial advisory bodies to the Board of Directors. Main tasks and functions of the Committees:</p> <ul style="list-style-type: none"> <li>• Preliminary consideration of the issues within the competence of the Board of Directors or under investigation of the Board of Directors to oversee the activities of the Company's executive bodies</li> <li>• Development of necessary recommendations for the Board of Directors and executive bodies of Rosseti Kuban, PJSC</li> <li>• Consideration of other issues by order of the Board of Directors</li> </ul>	<p>Members of Audit and Strategy Committees are elected for a term until the next election of the respective committee.</p> <p>The work of the committees is aligned with the action plans created after considering the action plan of the Board of Directors, decisions made by the Board of Directors and committees, suggestions made by the committee members, and the General Director.</p> <p>On 11 October 2022, the Board of Directors reviewed the Committees' progress reports for the 2021/2022 corporate year.</p>
<b>Audit Committee</b>	<p>The activities of each of the Committees are governed by respective Regulations<sup>1</sup>.</p>	<p>In the reporting year, all issues to be pre-considered by the Board Committees were considered in a timely manner.</p>
<b>Strategy Committee</b>	<p>The personal compositions of the committees (with the exception of the Audit Committee and Strategy Committee) and their chairpersons are elected by the Board of Directors of the Company from candidates nominated by members of the Board of Directors, for a term until the first meeting of the new Board of Directors.</p>	<p>During the reporting year, the Board committees carried out a self-assessment of their activities for the corporate year 2021/2022, rating their work and organisation fairly highly.</p>
<b>Personnel and Remuneration Committee</b>		
<b>Grid Connection Committee</b>		

## RESULTS OF THE SELF-ASSESSMENT OF THE BOARD COMMITTEE PERFORMANCE

S. No.	Committees under the Board of Directors	Performance assessment – average score <sup>2</sup>
1	Reliability Committee	4.9
2	Audit Committee	5
3	Strategy Committee	4.9
4	Personnel and Remuneration Committee	4.6
5	Grid Connection Committee	4.6

The meeting minutes of Board Committees of Rosseti Kuban, PJSC are published on the Company's website in the About the Company / Management / Committees under the Board of Directors section.

There is a remuneration payment for the participation of committee members in committee meetings. The overall remuneration amount for the members of the Board Committees in 2022 amounted to RUB 2,828 thousand. The Company has no outstanding remuneration to the committee members.

<sup>1</sup> The Regulations on the Board of Directors' Committees of Rosseti Kuban, PJSC are published on the Company's website in the About the Company / Constituent and Internal Documents section.

<sup>2</sup> The maximum score is 5.

## RELIABILITY COMMITTEE

<b>Committee establishment date</b>	15 September 2006
<b>Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved</b>	No. 281/2017 dated 21 July 2017
<b>Key tasks of the Committee</b>	<p>Drawing up and giving recommendations (conclusions) to the Board of Directors on the following aspects of its activities:</p> <ul style="list-style-type: none"> <li>• Expert evaluation of production programmes, plans for technical retrofitting, renovation, new construction and repair of power grid facilities, analysis of their development and execution in terms of ensuring the requirements for reliability of operation and technical condition of the power grids</li> <li>• Evaluation of the completeness and adequacy of measures taken based on accident investigation results, as well as control over their implementation</li> <li>• Expert evaluation of the quality of investigations of the causes of disturbances (accidents)</li> <li>• Expert evaluation of the Company's emergency planning activities (emergency preparedness, set-up and execution of emergency restoration procedures at power grid facilities)</li> <li>• Expert evaluation and implementation control for the programmes of prevention and personnel and third-party injury risk mitigation at the power installations of Rosseti Kuban, PJSC</li> <li>• Control and assessment of the Company's technical services performance in terms of ensuring operational reliability and safety of power grids</li> <li>• Expert evaluation of the internal technical control system in the Company</li> <li>• Expert evaluation of the occupational safety management system</li> <li>• Expert evaluation of the environmental policy implementation programme</li> <li>• Expert evaluation of the fire and industrial safety system</li> </ul>
<b>Members of the Board of Directors in office in the reporting year</b>	<p>Members of the Committee from 20 October 2021 to 31 January 2022, from 1 March 2022 to 29 June 2022<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>• <b>Palina Kanyuka</b> (Committee Chairwoman), Head of Production Activity Department of Rosseti, PJSC</li> <li>• <b>Alexey Mishanin</b>, Deputy General Director for Technical Issues – Chief Engineer, Member of the Management Board of Rosseti Kuban, PJSC</li> <li>• <b>Eduard Bogomolov</b> (Deputy Chairman of the Committee), First Deputy Director for the Centre for Technical Supervision of Rosseti, PJSC</li> </ul> <p>Current composition of the Committee elected on 14 September 2022:</p> <ul style="list-style-type: none"> <li>• <b>Palina Kanyuka</b> (Committee Chairwoman), Head of Production Activity Department of Rosseti, PJSC</li> <li>• <b>Vladimir Mikhailov</b>, Deputy General Director for Technical Issues – Chief Engineer, member of the Management Board of Rosseti Kuban, PJSC since October 2022.</li> <li>• <b>Aleksander Pilyugin</b>, Deputy Director of Rosseti branch – Technical Supervision Centre</li> </ul>

<sup>3</sup> The positions of the members of the Board Committees are stated at the time of their election.

<b>Performance results of the Committee in the reporting year</b>	<p>In 2022, the Committee met 17 times by absentee ballot and reviewed 41 issues. In the reporting year, the Committee provided the Board of Directors with recommendations on the following crucial issues:</p> <p><b>On approval of the Company's internal documents:</b></p> <ul style="list-style-type: none"> <li>• Updated digital transformation programme for the period until 2030</li> <li>• 2020–2024 plan for the development of the production asset management system and its resource plan</li> <li>• Updated programme for renovation of the Company's power grid facilities for 2023–2027</li> <li>• On amendment of Rosseti's Regulations on the uniform technical policy in the power grid sector as an internal document of the Company</li> <li>• Action plan for the transition to the predominant use of domestic software</li> </ul> <p><b>On consideration of the following reports:</b></p> <ul style="list-style-type: none"> <li>• On implementation of the Investment Programme in terms of providing its comprehensive reliability</li> <li>• On implementation of the development plan for the production asset management system</li> <li>• On implementation of the activities envisaged in the digital transformation programme</li> <li>• On the work done by the Reliability Committee in the 2021/2022 corporate year</li> </ul> <p>In the reporting year, the Committee also considered the following issues:</p> <ul style="list-style-type: none"> <li>• Maintenance and repair programme of power facilities</li> <li>• Quality assessment of the accident cause investigations and assessment of the adequacy and sufficiency of actions to neutralise them</li> <li>• Information on the level of reliability of the services provided by the Company</li> <li>• Action plan to de-bottleneck reliable power supply to the Company's customers</li> <li>• Company's management reports: <ul style="list-style-type: none"> <li>– On the Company's performance during the heating and flood periods</li> <li>– On the preparedness to the operation in the autumn and winter, heating and flood periods</li> <li>– On the delivery of the maintenance and repair programme for the Company's facilities</li> <li>– On the implementation of the action plan to de-bottleneck the reliable power supply to the Company's customers</li> <li>– On the implementation of comprehensive programmes on mitigation of injury risks for the Company personnel and third parties</li> </ul> </li> </ul> <p>The share of the issues pre-considered by the Committee, with the preparation of recommendations to the Board of Directors, to the total number of issues considered by the Committee: in 2021 — 33.3%, in 2022 — 34.1%. Average participation of the Committee members in its meetings: in 2021 — 88.8%, in 2022 — 100%</p>
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## AUDIT COMMITTEE

<b>Committee establishment date</b>	16 October 2009
<b>Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved</b>	No. 233/2016 dated 18 March 2016, as amended by No. 253/2016 dated 28 October 2016 and No. 494/2022 dated 26 October 2022
<b>Key tasks of the Committee</b>	<ul style="list-style-type: none"> <li>• Review of the Company's financial statements and supervision of their preparation</li> <li>• Monitoring of the reliability and efficiency of the internal control system, risk management system and corporate governance practices</li> <li>• Control over external audits and selection of the auditor</li> <li>• Independence and objectivity of the internal audit function</li> <li>• Control over the efficiency of the system for countering unfair practices of the Company's employees or third parties</li> </ul>

<b>Members of the Board of Directors in office in the reporting year</b>	<p>Committee members serving from 1 March 2022 to 1 August 2022:</p> <ul style="list-style-type: none"> <li>• <b>Viktor Yavorskiy</b> (Committee Chairman), member of the Management Board Presidium of All-Russian Non-Governmental Organisation of Small and Medium Business OPORA RUSSIA, General Director of TORI-AUDIT, LLC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Yuri Goncharov</b>, Chief Advisor of Rosseti, PJSC, Member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Aleksander Kazakov</b>, member of the Board of Directors of Rosseti Kuban, PJSC</li> </ul> <p>Current members of the Committee, elected on 1 August 2022:</p> <ul style="list-style-type: none"> <li>• <b>Viktor Yavorskiy</b> (Committee Chairman), member of the Management Board Presidium of All-Russian Non-Governmental Organisation of Small and Medium Business OPORA RUSSIA, General Director of TORI-AUDIT, LLC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Aleksander Kazakov</b>, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Madina Kaloeva</b>, Director for Corporate Governance – Head of Corporate Governance Department of Rosseti, PJSC Member of the Board of Directors of Rosseti Kuban, PJSC</li> </ul>
<b>Performance results of the Committee in the reporting year</b>	<p>In 2022, the Committee met 15 times (three in person and the rest by absentee voting) and considered 43 issues. In the reporting year, the Committee provided the Board of Directors with conclusions (recommendations) on the following critical issues:</p> <ul style="list-style-type: none"> <li>• On approval of the following: <ul style="list-style-type: none"> <li>– Report on the implementation of the action plan and the results of the internal audit activity, including the results of the self-assessment, as well as measures to develop and improve the internal audit activity for 2021</li> <li>– Work plan and budget of the Internal Audit Directorate for 2023</li> <li>– New version of the internal audit quality assurance and improvement programme</li> <li>– Amendments to the Regulations on the Audit Committee of the Board of Directors</li> </ul> </li> <li>• On consideration of the candidate of the Company's external auditor for auditing of the Company's statements for 2022 and on determination of the compensation paid for these services</li> <li>• On the approval of the Regulations on the Company's internal audit Directorate</li> <li>• On the approval of the remuneration for the Head of Internal Audit (setting target values for functional KPI)</li> <li>• On consideration of the following reports (information): <ul style="list-style-type: none"> <li>– Internal audit report on the evaluation of measures to identify and dispose of non-core assets</li> <li>– Anti-corruption monitoring report</li> <li>– Report of organisation, functioning and improvement of the Company's internal control system</li> <li>– Internal audit report regarding the efficiency of the internal control and risk management systems of the Company</li> <li>– Internal audit report regarding the corporate governance performance for 2021/2022 corporate year</li> <li>– RAS financial statements of the Company</li> <li>– Report of the Audit Committee of the Board of Directors on its work for the 2021/2022 corporate year</li> </ul> </li> </ul> <p>In the reporting year, the Audit Committee of the Board of Directors also considered the following:</p> <ul style="list-style-type: none"> <li>• Information of the external auditor regarding key problems in the Company's financial statements</li> <li>• IFRS consolidated financial statements</li> <li>• The opinion of the internal audit of the Company on the efficiency and quality of the external audit process of the Company's financial statements for 2021</li> <li>• Reports (information) of the Company's management: <ul style="list-style-type: none"> <li>– On implementation of the corrective measures to eliminate gaps identified by the Company's Auditing Commission, Company's internal audit, third-party control and supervision bodies on measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made</li> <li>– On non-standard operations and events of the Company, as well as regarding the formation of a reserve on doubtful debts and estimated liabilities</li> <li>– On the execution of the instructions of the Audit Committee of the Board of Directors</li> </ul> </li> </ul> <p>The Audit Committee of the Board of Directors also approved the methodology for assessing the quality of the audit, the auditors' reports and the effectiveness of the process of external audit of the Company's accounting (financial) statements. The share of the issues pre-considered by the Committee, with the preparation of recommendations to the Board of Directors, to the total number of issues considered by the Committee: in 2021 — 43.4%, in 2022 — 44.2%. Average participation of the Committee members in its meetings: in 2021 — 96.2%, in 2022 — 100%</p>



## STRATEGY COMMITTEE

<b>Committee establishment date</b>	5 February 2010
<b>Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved</b>	No.358/2019 dated 16 August 2019
<b>Key tasks of the Committee</b>	<p>Development of recommendations (conclusions) concerning the following issues and submission of them to the Board of Directors:</p> <ul style="list-style-type: none"> <li>• Strategic development and business priorities</li> <li>• Company's innovation development</li> <li>• Organisation of business processes</li> <li>• Business planning</li> <li>• Dividend Policy</li> <li>• Risk management</li> <li>• Efficiency assessment for the operations of the Company and its S&amp;As</li> </ul>
<b>Members of the Board of Directors in office in the reporting year</b>	<p>Board Committee acting from 19 July 2021 to 5 September 2022:</p> <ul style="list-style-type: none"> <li>• <b>Dmitriy Andropov</b> (Committee Chairman), Head of Finance Department of Rosseti, PJSC</li> <li>• <b>Konstantin Guselnikov</b>, General Director of Fininvestkonsalting, LLC</li> <li>• <b>Kirill Iordanidi</b>, Deputy General Director for Economics and Finance, of Rosseti South, PJSC, Deputy General Director for Economics and Finance (part-time) and member of the Management Board of Rosseti Kuban, PJSC</li> <li>• <b>Elena Kovaleva</b>, Deputy Head of Corporate Governance Department of Rosseti, PJSC</li> <li>• <b>Daniel Krainskiy</b>, Deputy General Director for Legal Support of Rosseti, PJSC, Chairman of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Mikhail Medvedev</b>, adviser to General Director of Avangard, JSC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Dmitriy Mikheev</b>, Head of the Department for Service Sales of Rosseti, PJSC</li> <li>• <b>Egor Prokhorov</b>, Deputy General Director for Strategy of Rosseti, PJSC</li> <li>• <b>Andrey Tulba</b>, Director for Economics and Finance – Head of Economic Planning and Tariff Setting Department of Rosseti, PJSC</li> </ul> <p>Current composition of the Committee elected on 5 May 2022:</p> <ul style="list-style-type: none"> <li>• <b>Marina Lavrova</b> (Committee Chairperson), Deputy Head of Economics Department of Rosseti, PJSC</li> <li>• <b>Antoniades Alekos Archimedes</b>, Acting Investment Director – Head of Investment Planning Department</li> <li>• <b>Konstantin Guselnikov</b>, General Director of Fininvestkonsalting, LLC</li> <li>• <b>Kirill Iordanidi</b>, Deputy General Director for Economics and Finance of Rosseti South, PJSC, Deputy General Director for Economics and Finance (part-time) and member of the Management Board of Rosseti Kuban, PJSC</li> <li>• <b>Madina Kaloeva</b>, Director for Corporate Governance – Head of Corporate Governance Department of Rosseti, PJSC</li> <li>• <b>Daniel Krainskiy</b>, Deputy General Director for Legal Support of Rosseti, PJSC, Chairman of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Yulia Leshchevskaya</b>, Acting Deputy General Director for Strategy of Rosseti, PJSC</li> <li>• <b>Mikhail Medvedev</b>, adviser to General Director of Avangard, JSC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li>• <b>Dmitriy Mikheev</b>, Head of the Department for Service Sales of Rosseti, PJSC</li> </ul>

<b>Performance results of the Committee in the reporting year</b>	<p>In 2022, the Committee met 23 times (two – in person and the rest – by absentee voting) and considered 48 issues. Recommendations were made to the Board of Directors concerning the following critical issues:</p> <ul style="list-style-type: none"> <li>• On proposals to the General Meeting of Shareholders regarding the amount of dividends on the Company's shares, the procedure for their payment and the determination of the record date (on which the list of persons entitled to receive dividends is drawn up)</li> <li>• On approval of the following: <ul style="list-style-type: none"> <li>– Updated digital transformation programme for the period until 2030</li> <li>– Company's business plan</li> <li>– Roadmap for the development of additional (non-tariff) services</li> <li>– Amendments to Rosseti's Regulations on the uniform technical policy in the power grid sector as an internal document of the Company</li> <li>– Amendments made to the Methodology for Calculating and Evaluating KPIs of the General Director</li> <li>– Action plan for the transition to the predominant use of domestic software</li> <li>– Time-phased-action plan to reduce overdue amount for electricity transmission services rendered and to resolve disputes</li> <li>– KPI targets for General Director</li> <li>– Reports on the achievement of the KPIs of the Company's General Director and on the delivery of the innovation development programme</li> <li>– Updated non-core asset register of the Company</li> </ul> </li> <li>• On the approval of the investment programme and its amendments</li> <li>• On consideration of the following reports: <ul style="list-style-type: none"> <li>– Report of the Strategy Committee of the Board of Directors on the work done in the 2021/2022 corporate year</li> <li>– On the implementation of the Company's business plan, investment programme and development plan</li> <li>– On the progress of the higher-priority investment projects</li> <li>– On the organisation, functioning and effectiveness of internal control and risk management systems</li> <li>– On the implementation of charging infrastructure development programmes, digital transformation, development of smart electricity metering, etc.</li> </ul> </li> </ul> <p>The share of the issues pre-considered by the Committee, with the preparation of recommendations to the Board of Directors, to the total number of issues considered by the Committee: in 2021 — 90%, in 2022 — 89.6%. Average participation of the Committee members in its meetings: in 2021 — 99.6%, in 2022 — 100%</p>
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## PERSONNEL AND REMUNERATION COMMITTEE

Committee establishment date	6 August 2010
Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved	No. 194/2014 dated 1 August 2014
Key tasks of the Committee	<p>Developing of recommendations (conclusions) concerning the following issues and submission of them to the Board of Directors:</p> <ul style="list-style-type: none"> <li>Establishing criteria for selecting and evaluating candidates for the Board of Directors and executive bodies of the Company</li> <li>Establishing principles and criteria for determining the remuneration of members of the Company's governing bodies</li> <li>Determining the material terms of contracts with Board members and executive bodies</li> <li>Conducting regular assessment of the performance of the Director General and members of the Management Board</li> <li>Determining remunerations for the members of the Board of Directors</li> </ul>
Members of the Board of Directors in office in the reporting year	<p>Members of the Committee from 20 October 2021 to 31 January 2022, from 1 March 2022 to 29 June 2022, current members elected on 20 July 2022:</p> <ul style="list-style-type: none"> <li><b>Aleksander Kazakov</b> (Chairman of the Committee), member of the Board of Directors of Rosseti Kuban, PJSC</li> <li><b>Yulia Kuznetsova</b>, Acting Deputy General Director for HR Management of Rosseti, PJSC</li> <li><b>Irina Kosinskaya</b>, Deputy Head of HR Management Department of Rosseti, PJSC</li> </ul>
Performance results of the Committee in the reporting year	<p>There were 13 meetings of the Personnel and Remuneration Committee by absentee ballot in 2022 and 26 issues were considered.</p> <p>Recommendations were made to the Board of Directors concerning the following issues:</p> <ul style="list-style-type: none"> <li>On the evaluation of the Board of Directors and its committees and on consideration of the results</li> <li>On changes to the composition of the Company's Management Board</li> <li>On amendments to the methodology for calculating and assessing the Director General's KPIs and KPI targets</li> <li>On approval of the Company's collective bargaining agreement for 2023–2025</li> <li>On approval of target KPI values for General Director</li> <li>On approval of General Director KPI achievement reports</li> <li>On preliminary approval of candidates for the positions defined by the Board of Directors of the Company</li> <li>On reviewing of the report of the Personnel and Remuneration Committee on works performed in the 2021/2022 corporate year</li> <li>On Approval of the Corporate Secretary performance report</li> </ul> <p>In addition, the Personnel and Remuneration Committee of the Board of Directors reviewed the status of the management and youth talent pools and approved their members.</p> <p>The share of the issues pre-considered by the Committee, with the preparation of recommendations to the Board of Directors, to the total number of issues considered by the Committee: in 2021 — 82.1%, in 2022 — 69.2%.</p> <p>Average participation of the Committee members in its meetings: in 2021 — 98.8%, in 2022 — 100%</p>

## GRID CONNECTION COMMITTEE

Committee establishment date	11 October 2011
Date and number of the minutes of the Board meeting, at which the Regulations on the Committee (as amended) were approved	No. 281/2017 dated 19 July 2017
Key tasks of the Committee	<p>Development of recommendations (conclusions) to the Board of Directors concerning the following issues:</p> <ul style="list-style-type: none"> <li>Improvement of the legal framework of the anti-trust law and provision of equal-opportunity access to the grid connection services</li> <li>Improvement of the Company's internal standards for ensuring equal-opportunity access to the grid connection services</li> <li>Development of principles and criteria for assessing the Company's performance efficiency regarding connecting customers to power grids</li> <li>Assessment of the Company's performance related to grid connection of consumers</li> <li>Assessment of the Company's performance efficiency in the improvement of power grid development plans in the regions of presence</li> <li>Analysis of the current situation in the Company and the preparation of suggestions for the Board of Directors concerning customers' grid connection and the future development of the grid in general</li> </ul>
Members of the Board of Directors in office in the reporting year	<p>Members of the Committee serving from 20 October 2021 to 31 January 2022:</p> <ul style="list-style-type: none"> <li><b>Alexey Molskiy</b> (Committee Chairman), Deputy General Director for Investment, Capital Construction and Service Sales of Rosseti, PJSC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li><b>Vladimir Davydkin</b>, Head of the Office of the Department for Grid Connection and Infrastructure Development of Rosseti, PJSC</li> <li><b>Dmitry Zhuravlev</b>, Deputy General Director for Development and Grid Connection of Rosseti South, PJSC</li> <li><b>Oksana Zaitseva</b>, Head of Grid Connection Department of Rosseti Kuban, PJSC</li> <li><b>Alexander Kalinichenko</b>, Acting Deputy General Director for Development and Grid Connection of Rosseti Kuban, PJSC</li> </ul> <p>Committee members serving from 10 March 2022 to 29 July 2022:</p> <ul style="list-style-type: none"> <li><b>Alexey Molskiy</b> (Committee Chairman), Deputy General Director for Investment, Capital Construction and Service Sales of Rosseti, PJSC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li><b>Vladimir Davydkin</b>, Head of the Office of the Department for Grid Connection and Infrastructure Development of Rosseti, PJSC</li> <li><b>Dmitry Zhuravlev</b>, Deputy General Director for Development and Grid Connection of Rosseti South, PJSC</li> <li><b>Oksana Zaitseva</b>, Head of Grid Connection Department of Rosseti Kuban, PJSC</li> <li><b>Alexander Chepusov</b>, Acting Deputy General Director for Development and Grid Connection of Rosseti Kuban, PJSC</li> </ul> <p>Current members of the Committee, elected on 17 August 2022:</p> <ul style="list-style-type: none"> <li><b>Alexey Molskiy</b> (Committee Chairman), Deputy General Director for Investment, Capital Construction and Service Sales of Rosseti, PJSC, member of the Board of Directors of Rosseti Kuban, PJSC</li> <li><b>Marina Gazdanova</b>, Deputy Head of Grid Connection and Infrastructure Development Department, Head of Additional Services and Customer Services Development Department of Rosseti, PJSC</li> <li><b>Dmitry Zhuravlev</b>, Deputy General Director for Development and Grid Connection of Rosseti South, PJSC</li> <li><b>Oleg Klinkov</b>, Director for Customer Relations – Head of Technological Development Department of Rosseti, PJSC</li> <li><b>Alexander Chepusov</b>, Acting Deputy General Director for Development and Grid Connection of Rosseti Kuban, PJSC</li> </ul>



#### Performance results of the Committee in the reporting year

There were eight meetings of the Committee in 2022 (two – in person and the rest – by absentee voting) and 17 issues were considered, among other things:

- Recommendations to the Board of Directors on the consideration of the report of the Committee for Grid Connection on the work done for the 2021/2022 corporate year, on the approval of the roadmap for the development of additional (non-tariff) services with due regard to the Digital Transformation 2030 concept
- Oversight of the Company's actions concerning the connection of consumers to the Company's grids
- Review of the following management reports:
  - On the Company's participation in the development of the roadmap for the development of the electric power sector in the Krasnodar Territory and the Republic of Adygeya
  - On the Company's current activities in connection of consumers to the power grid
  - On the preparation of comprehensive development programmes for electric grids with a voltage of 35 kV or above in the Krasnodar Territory and the Republic of Adygeya
  - On the progress on the roadmap for the development of additional (non-tariff) services
  - On the decommissioning of electricity generation facilities

The share of the grid connection issues pre-considered by the Committee, with the preparation of recommendations to the Board of Directors, to the total number of issues considered by the Committee: in 2021 — 25%, in 2022 — 23.5%. Average participation of the Committee members in its meetings: in 2021 — 95.0%, in 2022 — 100%

## EXECUTIVE BODIES

**The General Director, who is the sole executive body, and the Management Board (the collective executive body) are in charge of executive management of Rosseti Kuban, PJSC.**

The General Director and the Management Board are accountable to the General Meeting of Shareholders and the Board of Directors.

Following the Articles of Association of the Company, the General Director is elected by the Board of Directors and chairs the Management Board. All the Management Board members are also elected by the Board of Directors, as suggested by the General Director, in the number to be determined by a decision of the Board of Directors.

Each member of the Management Board, including its chairperson, shall have the experience, knowledge and qualifications necessary for the proper discharge of the duties entrusted to him/her. The General Director and the members of the Management Board act in good faith and the best interests of the Company and all of its shareholders. To prevent any conflicts of interests and the related adverse impacts for the Company, the members of the Management Board shall disclose to the Company all and any information about their business activities outside the interests of the Company.

### GENERAL DIRECTOR

**Following the Articles of Association of Rosseti Kuban, the General Director is change of the executive management of the Company according to decisions of the General Meeting of Shareholders, the Board of Directors and the Management Board.**

All of the aspects of current operations management in the Company, except for matters reserved for the General Meeting of Shareholders, the Board of Directors, and the Management Board, fall within the remit of the General Director.

The General Director shall act on behalf of the Company without a power of attorney, subject to the restrictions stipulated by the legislation of the Russian Federation, the Article of Association and decisions of the Board of Directors of Rosseti Kuban, PJSC.

Relations of the General Director with the Board of Directors:

- The Board of Directors approves the Procedure for Calculating and Evaluating KPIs of the General Director, their target values and reports on their performance
- The General Director regularly submits to the Board of Directors reports on the Company's performance results, including reports on implementation of the duties and resolutions of the General Meeting of Shareholders and the Board of Directors by the General Director

The functions of the sole executive body (General Director) of the Company in the reporting year were performed by Boris Ebzeev (Acting General Director, part-time)<sup>1</sup>.



<sup>1</sup> For more details on Boris Ebzeev, please see the current Board of Directors and Management Board section.



## MANAGEMENT BOARD

The Management Board is responsible for the implementation of the Company's goals, strategy and policy and manages the day-to-day operations within its remit.

The key objectives of the Management Board:

- Upholding the rights and legitimate interests of the Company's shareholders
- Preparing suggestions on the Development Strategy of the Company
- Implementing the financial and economic policy of the Company, drawing up decisions on the major issues related to its current economic operations and coordinating the operation of its departments
- Increasing the efficiency of the internal control and risk monitoring systems
- Ensuring a high level of income from the Company's assets and the maximum profit from the Company's operations

Relations of the Board of Directors and Management Board of the Company:

- The Board of Directors elects the members of the Management Board, establishes the remuneration and compensation paid to them, monitors the compliance of the Management Board's activities with the Company's approved strategy, and hears the Management Board's progress reports on the Company's approved strategy
- The Management Board develops and submits prospective plans for the implementation of the Company's core activities, business plan, annual report, follow-up report on how the Management Board fulfils the resolutions of the General Meeting of Shareholders and the Board of Directors

The Company's Management Board acts in compliance with the Articles of Association and the Regulation on the Management Board<sup>1</sup> as approved by the resolution of the General Meeting of the Shareholders.

### Composition of the Management Board

During the reporting year, the composition of the Company's Management Board underwent the following changes due to personnel movements:

- Powers of A. Mishanin, a member of the Management Board, were terminated
- V. Mikhailov was elected to the Management Board

#### THE MEMBERS OF THE MANAGEMENT BOARD WHO WERE ACTING AT THE END OF THE REPORTING YEAR<sup>2</sup>

### BORIS EBZEEV

Chairman of the Management Board

Year of birth	1975
Education	Higher. Graduated from Lomonosov Moscow State University, with a degree in jurisprudence, lawyer. Holds a candidate degree in legal sciences
Work experience for the last five years	
Since 2014	Chairman of the Management Board, General Director of Rosseti South, PJSC (primary place of employment)
2014–2019	Member of the Board of Directors of Donenergo, JSC
Since 2015	Member of the Board of Directors of Rosseti South, PJSC
Since 2018	Chairman of the Board of Directors for VMES, JSC
Since 2021	Acting General Director (part-time), member of the Board of Directors of Rosseti Kuban, PJSC
Date of entry of the Chairman of the Company's Management Board into office	18 May 2021

### EDGAR ARMAGANYAN

Year of birth	1984
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>• Kuban State Agrarian University with a degree in electrification and automation, engineer</li> <li>• Moscow Institute of Entrepreneurship and Law, with a degree in organisation management, manager</li> </ul> Completed a professional retraining course in occupations: <ul style="list-style-type: none"> <li>• Jurisprudence: Civil-Law Relations with the right to conduct professional activities in the field of Jurisprudence: Civil-Law Relations – in Kuban State University</li> <li>• Management with the right to carry out professional activities in the field of corporate financial management at Bauman Moscow State Technical University,</li> <li>• Nuclear, thermal and renewable energy and related technologies with professional qualification of Researcher. Research Teacher in the Kuban State Agrarian University n.a. I. Trubilin</li> </ul>
Work experience for the last five years	
Since 2009	First Deputy General Director — Director of Sochi Power Grids Branch of Rosseti Kuban, PJSC (primary place of employment)
2015–2017	Member of the Reliability Committee of the Board of Directors of Kubanenergo, PJSC
Since 2016	Chairman of the Board of Directors for Energoservice Kuban, JSC
Date of election to the Management Board	28 August 2014

### YULIA GALINOVA

Year of birth	1978
Education	Higher. Graduated from the International Institute of Economics and Law with a degree in jurisprudence, lawyer. <p>Completed professional retraining at the Kubanenergo Energy Institute of Professional Development under the programme Leadership of Management in the Rosseti Group of Companies in the Health and Safety Management System based on ISO 45001:2018</p>
Work experience for the last five years	
2014–2021	Deputy Head of the Legal Department of Rosseti Kuban, PJSC
Since 2021	Deputy General Director for Corporate Governance of Rosseti Kuban, PJSC (primary place of employment)
Date of election to the Management Board	30 September 2021

<sup>1</sup> The Regulation on the Management Board of Rosseti Kuban, PJSC is published on the Company's website in the About the Company / Constituent and Internal Documents section.

<sup>2</sup> The background of the members of the Board only includes their most recent positions in each place of employment. All of the positions held by the Management Board members (in chronological order) can be found in quarterly reports of the Equity Issuer published online on the Company's website in the For Shareholders and Investors / Information Disclosure / Quarterly Reports of the Equity Issuer section.



## JULIANNA JABRAILOVA

Year of birth	1981
Education	<p>Higher. Graduated from:</p> <ul style="list-style-type: none"> <li>Kuban Institute of International Business and Management, degree in finance and credit, economist</li> <li>Kuban State Agrarian University, with Bachelor's degree in agro-engineering</li> </ul> <p>Completed a professional retraining course in occupations:</p> <ul style="list-style-type: none"> <li>Enterprise Management with the right to carry out professional activities in the field of corporate financial management at Bauman Moscow State Technical University)</li> <li>Top Manager with professional qualifications in Master of Business Administration (MBA) at the Russian Presidential Academy of National Economy and Public Administration</li> </ul>
<b>Work experience for the last five years</b>	
Since 2014	Deputy General Director – Head of the Office of Rosseti South, PJSC (primary place of employment)
Since 2016	Member of the Management Board of Rosseti South, PJSC Chairman of the Board of Directors of Energetik Recreation Facility, JSC
Since 2017	Director of Kubanenergo – a branch of Rosseti South, PJSC (part-time)
Since 2018	Member of the Supervisory Board – All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organisation Association of Russia"
Since 2021	Member of the Management Board, Deputy General Director – Head of the Office (part-time) of Rosseti Kuban, PJSC
Date of election to the Management Board	30 June 2021

## KIRILL IORDANIDI

Year of birth	1985
Education	<p>Higher. Graduated from:</p> <ul style="list-style-type: none"> <li>University of Indianapolis (Indiana, USA), with a degree in economics and finance</li> <li>International College (Intercollege, Republic of Cyprus), with a degree in management</li> <li>South Russian State University of Economics and Service, with Master's degree in Management</li> </ul> <p>Completed professional retraining under the MBA programme "Management and regulation of economic activities in the international electric power industry" with professional qualifications in "Master of Business Administration" at the Moscow State Institute of International Relations (University) of the Ministry of Foreign Affairs of Russia</p>
<b>Work experience for the last five years</b>	
2016–2021	Head of the Economics Department of Rosseti South, PJSC
Since 2021	Deputy General Director for Economics and Finance (primary place of employment), member of the Management Board, member of the Strategy Committee and the Reliability Committee of the Board of Directors of Rosseti South, PJSC
Since 2017	Member of the Board of Directors, Deputy Chairman of the Board of Directors of Energetik Recreation Facility, JSC
2017–2021	Member of the Board of Directors, Chairman of the Board of Directors of Sokolovskoye Agricultural Enterprise, JSC
2018–2018	Deputy Director for Economics and Finance (part-time), branch of IDGC of South, PJSC – Volgogradenergo
2019–2021	Member of the Board of Directors of YugStroyMontazh, LLC
Since 2021	Deputy General Director for Economics and Finance (part-time), member of the Strategy Committee of the Board of Directors of Rosseti Kuban, PJSC
Date of election to the Management Board	30 September 2021

## VIKTOR KORZHANEVSKIY

Year of birth	1977
Education	<p>Higher. Graduated from:</p> <ul style="list-style-type: none"> <li>Ust-Kamenogorsk Energy Technical School, with a degree in installation and operation of electrical equipment of enterprises and civil buildings, electrician technician</li> <li>Serikbayev East Kazakhstan Technical University, with a degree in instrumentation, electrical engineer</li> </ul> <p>Completed professional retraining at the Kubanenergo Energy Institute of Professional Development under the programme Leadership of Management in the Rosseti Group of Companies in the Health and Safety Management System based on ISO 45001:2018</p>
<b>Work experience for the last five years</b>	
2015–2018	Deputy General Director for Capital Construction at CTZ, JSC
Since 2019	Deputy General Director for Investment Activities of Rosseti Kuban, PJSC
Since 2020	Member of the Board of Directors of Energoservice Kuban, JSC
Date of election to the Management Board	27 August 2020

## LYUDMILA LOSKUTOVA

Year of birth	1973
Education	<p>Higher. Graduated from Kuban State Agrarian University with a degree in accounting, analysis and audit, economist</p> <p>Completed professional retraining at Bauman Moscow State Technical University in Enterprise Management</p>
<b>Work experience for the last five years</b>	
Since 2013	Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting
Date of election to the Management Board	30 September 2021

## VLADIMIR MIKHAILOV

Year of birth	1982
Education	<p>Higher. Graduated from:</p> <ul style="list-style-type: none"> <li>South Russian State Technical University (Novocherkassk Polytechnic Institute) with a degree in electrical systems and grids, engineer</li> <li>FSBE Kuban State Agrarian University n.a. I. Trubilin, Master's degree in State and Municipal Management</li> </ul> <p>Completed professional retraining courses:</p> <ul style="list-style-type: none"> <li>South Russian State Technical University (Novocherkassk Polytechnic Institute), with a degree in safety of technological processes and productions in power engineering and power supply</li> <li>at Bauman Moscow State Technical University in the Management programme</li> </ul> <p>Completed the advanced training courses:</p> <ul style="list-style-type: none"> <li>at Innovation Technologies, LLC on the programme: Training of Internal Auditors of Environmental Management Systems</li> <li>at the State Academy of Professional Retraining and Professional Development for Managers and Investment Specialists, advanced training on the programme: Environmental Safety for Managers and Specialists of General Management Systems</li> </ul>
<b>Work experience for the last five years</b>	
2011–2018	Director of the Krasnodar Power Grids branch of Kubanenergo, PJSC
2020–2021	Executive Director of Southern Energy Company, LLC
Since 2022	Deputy General Director for Technical Issues — Chief Engineer of Rosseti Kuban, PJSC
Since 2022	Member of the Reliability Committee of the Board of Directors of Rosseti Kuban, PJSC Member of the Board of Directors of Energoservice Kuban, JSC
Date of election to the Management Board	11 October 2022

## OLEG NISHCHUK

Year of birth	1978
Education	<p>Higher. Graduated from Kuban State University with a degree in world economics, economist.</p> <p>Completed professional retraining in management with the right to conduct professional activities in the field of corporate financial management at Bauman Moscow State Technical University on the basis of Kubanenergo Training Centre.</p>
<b>Work experience for the last five years</b>	
2015–2018	Deputy Head for the Service Sales and Electricity Metering Department of Kubanenergo, PJSC
Since 2016	Member of the Board of Directors of Energoservice Kuban, JSC
Since 2018	Deputy General Director for Service Sales of Rosseti Kuban, PJSC
Date of election to the Management Board	18 December 2018

All members of the Company's Management Board are citizens of the Russian Federation.

The average age of the Management Board member is 43 years.

There are three women on the Management Board.

None of the Management Board members held any positions in the management bodies of any commercial organisations when bankruptcy procedures were initiated and/or implemented against these companies as specified by the insolvency (bankruptcy) laws of the Russian Federation.

None of the Company's Management Board:

- Owned the Company shares or closed transactions with them during the reporting year<sup>1</sup>
- Made any transactions with the Company in the reporting year
- Received any loans (credits) from the Company
- Had no family ties with people who are members of the bodies that manage and/or control the financial and economic activities of the Company
- Was held administratively liable for financial improprieties, offence regarding tax and fees or security market, or had any criminal record for economic crimes or crimes against the state
- Had any conflicts of interest with the Company

**43** years  
average age of the  
Management Board  
member

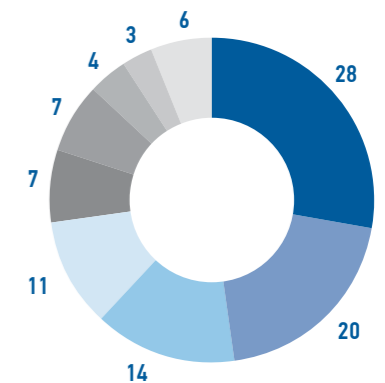
## Performance of the Management Board

## ACTIVITIES OF THE MANAGEMENT BOARD

Indicator	2020	2021	2022
Number of meetings held	33	43	46
• In person	6	2	–
Number of issues discussed	80	157	215

The Management Board meetings in the reporting year were conducted according to its work plans and at the initiative of the Chairman of the Management Board.

## BREAKDOWN OF THE ISSUES DISCUSSED BY THE COMMITTEE IN 2022 (%)



- Company's progress reports
- Development of prospective plans, programmes
- Management of S&As and the training centre
- Preparation and holding of the General Meeting of Shareholders
- Conclusion of transactions
- Management of S&As and the training centre
- Risk management
- Approval of the Board's work plans
- Other issues

<sup>1</sup> According to the data provided to the Company by the Management Board members.



# CORPORATE SECRETARY

The Board of Directors of Rosseti Kuban, PJSC elects the Corporate Secretary in order to duly comply with the procedure for preparing and holding the General Meeting of Shareholders and for organising the activities of the Board of Directors<sup>1</sup>.

The Corporate Secretary is the official of Rosseti Kuban that makes sure that the Company complies with the laws of the Russian Federation, the Articles of Association, and internal documents that guarantee the exercise of rights and legal interests of the Company's shareholders. The Corporate Secretary reports to the Board of Directors, which determines the provisions of the Corporate Secretary contract, the amount and the payment procedures for the remuneration, and the bonus principles.

The Corporate Secretary submits an annual report on his/her work to the Board of Directors for approval, with prior review by the Personnel and Remuneration Committee.

Since 20 June 2011, Olga Russu has continuously held the position of Company's Corporate Secretary.

## OLGA RUSSU

Year of birth	1967
Education	<p>Higher. Graduated from:</p> <ul style="list-style-type: none"> <li>Krasnodar Polytechnic Institute with a degree in food industry economics and organisation</li> <li>Ural Academy of Public Administration with a degree in law.</li> </ul> <p>Completed professional retraining in organisational management at Bauman Moscow State Technical University based at Kubanenergo Training Centre</p> <p>Completed advanced training courses on corporate secretary at the Russian School of Management</p>
Work experience for the last five years	
Since 2011	Chief Specialist of the Corporate Support Department of Rosseti Kuban, PJSC

Olga Russu, the Corporate Secretary of Rosseti Kuban, PJSC:

- Did not own the Company's shares or make transactions with them during the reporting year
- Has no connections with persons who are members of the governing and (or) control bodies of the Company's financial and economic activities
- Was not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes
- Did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations

# AUDITING COMMISSION

The Auditing Commission is a permanent, elected internal control body of Rosseti Kuban, PJSC.

The Auditing Committee periodically reviews the financial and economic activities of the Company, the activities of its business units and separate subdivisions and the Company's management bodies through documentary and field audits (inspections):

- Legitimacy and economic feasibility of the business and finance transactions carried out by the Company during the period audited
- Completeness and accuracy of the representation of business and financial transactions in the Company's documents

The objectives of the Auditing Commission:

- Control over the Company's financial and business operations
- Independent assessment of the reliability of the data contained in the annual report of the Company and annual accounting statements
- Confirmation of the fairness of the representations contained in the Company's report on interested-party transactions

The Company's Auditing Commission acts in the interests of the Company's shareholders. The Company's Auditing Committee is accountable to the General Meeting of Shareholders of the Company and reports annually to the General Meeting of Shareholders of the Company.

The competence of the Auditing Commission is defined by Federal Law No. 208-FZ dated 26 December 1995 "On Joint Stock Companies", as well as the Articles of Association and Regulations on the Auditing Commission of the Company.

Pursuant to Article 24.4 of the Company's Articles of Association, the remit of the Auditing Commission covers:

- Inspection (audit) of the financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities for the compliance with the legislation of the Russian Federation, the Articles of Associations and internal documents of the Company
- Checking and analysis of the financial condition of the Company, its solvency, the functioning of the internal control system and the risk

management system, liquidity of assets, the ratio of own and loaned funds, correctness and timeliness of accruals and payment of interest on bonds, income on other securities

- Control over the expenditure of the Company's funds under the approved business plan and budget of the Company
- Control over the raising and use of the reserve and other special funds of the Company
- Verification of the timeliness and correctness of settlement transactions with counterparties and the budget, as well as settlement transactions for remuneration, social insurance, accrual and payment of dividends and other settlement transactions
- Monitoring of the compliance with the established procedure for writing off debts of insolvent debtors to the Company's losses
- Verification of the Company's business operations carried out under the concluded agreements
- Verification of the compliance with the use of material, labour and financial resources, financial and economic activities of current agreements, norms and standards, approved estimates and other documents regulating the activities of the Company
- Control over the safety and use of fixed assets
- Verification of the cash account and property of the Company, the efficient use of assets and other resources of the Company, identifying the causes of non-production losses and expenses, identifying reserves for improving the financial condition of the Company
- Verification of the compliance with the requirements to eliminate violations and deficiencies identified by the Auditing Commission of the Company
- Drawing-up of recommendations for the governing bodies of the Company
- Other actions (measures) related to the audit of the financial and economic activities of the Company

The Auditing Commission abides by the laws of the Russian Federation, the Articles of Association of the Company and the Regulation on the Auditing Commission<sup>2</sup>.

The Auditing Commission consists of five members.

<sup>1</sup> The functions, appointment and displacement procedures, rights and duties of the Corporate Secretary are aligned with the Regulations on the Corporate Secretary as approved by the Board of Directors (published on the website of Rosseti Kuban, PJSC in the About the Company / Constituent and Internal Documents section).

<sup>2</sup> The Regulation on the Auditing Commission is published on the Company's website <https://rosseti-kuban.ru> in the About the Company / Constituent and Internal Documents section.

## MEMBERS OF THE AUDITING COMMITTEE

During the reporting year, the Auditing Commission of the Company had two personal compositions.

### Members of the Auditing Committee elected at the annual General Meeting of Shareholders of the Company held on 16 June 2022 (Minutes No. 48 dated 21 June 2022)

#### SVETLANA KOVALEVA

(Chairwoman)

Year of birth	1980
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>Civil Aviation Academy, Lawyer in 2002.</li> <li>Moscow Energy Institute, Production Management and Project Management in 2019.</li> <li>She took a professional retraining course in self-regulated organisation of auditors Russian Union of Auditors (Association), Intrecon Intellect Training and Methodological Centre of the Russian Union of Auditors, qualification: Professional Internal Auditor in 2017</li> </ul>
Data on work experience for the last three years	
2013-2022	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Director of Internal Audit – Head of Internal Audit
2020-2022	Rosseti, PJSC Director of Internal Audit – Head of Internal Audit (part-time)
2018-2023	DVEUK, JSC Member of the Auditing Committee of the Board of Directors
Since 2020	Rosseti Tyumen, JSC, Yantarenergo, JSC Chairman of the Audit Committee of the Board of Directors

#### VIKTOR TSARKOV

Year of birth	1977
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>Moscow Institute of Economics, Management and Law, with a degree in economics in 2005.</li> <li>Russian Academy of Public Administration under the President of the Russian Federation, degree in Management, State and Municipal Management in 2007.</li> <li>He took a professional retraining course in self-regulated organisation of auditors Russian Union of Auditors (Association), Intrecon Intellect Training and Methodological Centre of the Russian Union of Auditors, qualification: Professional Internal Auditor in 2017</li> </ul>
Data on work experience for the last three years	
Since 2017	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) First Deputy Head of the Internal Audit Department
2020 — January 2023	Rosseti, PJSC First Deputy Head of the Internal Audit Department (part-time)

#### SVETLANA TRISHINA

Year of birth	1979
Education	Higher. Graduated from Amur State University, qualification: Controlling Manager, Bank Employee, specialisation: Finance and Credit, in 2001. She took a professional retraining course in International Academy of Expertise and Assessment, professional retraining in internal audit and control in business organisations in 2018. Received refresher training in International Academy of Expertise and Assessment, advanced training in internal auditing in 2021. Enterprise Reform Centre, LLC, qualification certificate (Ministry of Labour Order No. 398n). Code E qualification 7 'management (governance) of the internal audit service', date of issue – 1 December 2021.
Data on work experience for the last three years	
Since 2017	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Deputy Head of Internal Audit Department – Head of Corporate Audit and Control of Subsidiaries of Internal Audit Department
2020 — January 2023	Rosseti, PJSC Deputy Head of Internal Audit Department – Head of Corporate Audit and Control of Subsidiaries, Internal Audit Department (part-time)

#### ALEXANDER RYBALCHENKO

Year of birth	1972
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>Syktyvkar State University with a degree in finance and credit</li> </ul>
Data on work experience for the last three years	
Since 2018	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Chief Expert in the Anti-Corruption and Internal Audit Office of the Internal Control and Risk Management Department
2020 — January 2023	Rosseti, PJSC Chief Expert in the Anti-Corruption and Internal Audit Office of the Internal Control and Risk Management Department (part-time)

#### NATALYA TSYGANOVA

Year of birth	1980
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>Moscow Academy of Entrepreneurship under the Government of Moscow with a degree in jurisprudence in 2003</li> </ul>
Data on work experience for the last three years	
Since 2013	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Chief Expert in the Division of Corporate Audit and Control of Subsidiaries of Internal Audit Department
2020 — January 2023	Rosseti, PJSC Chief Expert of the Internal Audit Department (part-time)



Composition of the Auditing Committee elected at the annual General Meeting of the Company on 3 June 2021 (Minutes No. 45 dated 4 June 2021) and acting from 3 June 2021 to 16 June 2022:

- Svetlana Kovaleva (Chairwoman of the Auditing Committee)
- Viktor Tsarkov
- Svetlana Trishina
- Olga Pyatakova
- Kirill Rogachev

Svetlana Kovaleva, Viktor Tsarkov and Svetlana Trishina were re-elected to the Auditing Commission at the annual General Meeting of Shareholders held on 16 June 2022. For more details, please see above.

## OLGA PYATAKOVA

Year of birth	1974
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>• Volgograd State Academy of Architecture and Civil Engineering, qualification: Industrial and Civil Engineering, specialisation: Civil Engineer in 1996.</li> <li>• Plekhanov Russian Academy of Economics, qualification: Economist, specialisation: Finance and Credit in 2007.</li> </ul>
<b>Data on work experience for the last three years:</b>	
Since 2014	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Chief Expert in the Operational Audit Division of the Internal Audit Department
2020 — January 2023	Rosseti, PJSC Chief Expert in the Operational Audit Division of the Internal Audit Department (part-time)

## KIRILL ROGACHEV

Year of birth	1984
Education	Higher. Graduated from: <ul style="list-style-type: none"> <li>• Moscow State Aviation Technological University, qualification: Economist-Manager, specialisation: Economics and Business Management, graduated in 2006.</li> <li>• Moscow Border Institute of the FSB of the Russian Federation, qualification: Lawyer, specialisation: Jurisprudence. State Law, graduated in 2011.</li> <li>• Received refresher training in International Academy of Expertise and Evaluation, LLC advanced training in Internal Audit, date of issue – 29.11.2021</li> <li>• Enterprise Reform Centre, LLC, qualification certificate (Ministry of Labour Order No. 398n). Code E qualification – Management (governance) of the internal audit service', date of issue – 01.12.2021 Received NOKU "Professional standard" in process management</li> </ul>
<b>Data on work experience for the last three years:</b>	
Since 2010	Public Joint Stock Company Federal Grid Company – Rosseti (formerly FGC UES, PJSC until 12 October 2022) Head of Operational Audit of the Internal Audit Department
2020 — January 2023	Rosseti, PJSC Head of Operational Audit of the Internal Audit Department (part-time)

The members of the Auditing Commission do not have shares in the authorised capital (shares of any type) Rosseti Kuban, PJSC and in the authorised capital of subsidiaries and affiliates of Rosseti Kuban, PJSC.

There were no transactions between the Company and the members of the Auditing Commission in 2022. Rosseti Kuban, PJSC did not file claims against members of the Auditing Commission.

Based on the questionnaires provided by the members of the Auditing Commission, the Company considers:

- That the members of the Auditing Commission have no family ties (spouses, parents, children, adoptive parents, adopted children, siblings,

grandparents, grandchildren) with members of the Board of Directors, members of the collegial executive body, a person holding the position (performing functions) of the sole executive body of Rosseti Kuban, PJSC

- That the members of the Auditing Commission were not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable (including record of conviction) for economic and (or) public-order crimes
- That the members of the Auditing Commission did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under Article 27 of the Federal Law On Insolvency (Bankruptcy) laws were initiated against those organisations

## TRACK RECORD OF THE AUDITING COMMISSION

During 2022, the Auditing Commission of the Company held four meetings in the form of joint attendance, which dealt with issues related to planning the work of the Auditing Commission, the election of its Chairman and Secretary, as well as issues directly related to the conduct of audits.

Decisions of the Company's Auditing Commission are published on the Company's official website.

In 2022, the Company's financial and economic activities for 2021 were audited.

The audit programme of the Company's financial and economic activities included the following aspects:

- Assessment of the reliability of the accounting (financial) statements generated as at 31 December 2021
- Analysis of receivables management work
- Checking whether the annual inventory of assets and liabilities has been carried out correctly
- Business and financial analysis of the Company as at 31 December 2021
- Assessment of the consistency of the Company's Annual Report 2021
- Verification of activities of Rosseti Kuban, PJSC related to the organisation of technological and price audit of progress reports on the investment programme of Rosseti Kuban, PJSC, as well as measures to eliminate violations and shortcomings contained in the conclusions

of expert organisations based on the results of technological and price audit of progress reports on the investment programme of Rosseti Kuban, PJSC

- Checking whether the legislation of the Russian Federation regarding compliance with the procedure for concluding interested-party transactions is complied with
- Other issues

The report of the Auditing Commission was approved by the Auditing Commission of the Company (Minutes No. 3 dated 29 April 2022), which expressed an opinion on the reliability of the data in all material respects contained in the annual report of the Company for the year 2021 and in the annual accounts (financial statements) of the Company for 2021.

No misstatement of the information contained in the report on transactions made by Rosseti Kuban, PJSC in 2021, which are recognised as interested-party transactions under the laws of the Russian Federation, was identified. This Report was included in the materials provided to the Company's shareholders in preparation for the annual General Meeting of Shareholders of the Company in 2022.

[Decisions of the Company's Auditing Commission are published on the Company's official website<sup>1</sup>.](#)

<sup>1</sup> Decisions of the Auditing Commission meetings are published on the Company's website <https://rosseti-kuban.ru> in the About the Company / Control of Business Activity / Auditing Commission section.

# REMUNERATION SYSTEM FOR MANAGEMENT AND CONTROL BODIES

## REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

In the reporting year, remuneration and expenditure reimbursement for the Board members were accrued and paid in accordance with the revised Regulation on Remuneration and Reimbursement Payment to the Board of Directors of the Company approved by the resolution of the annual General Meeting of Shareholders of Kubanenergo, PJSC on 20 June 2019 (Minutes No. 42) (hereafter – Regulation).

According to the Regulation, the remuneration to the members of the Board of Directors is paid quarterly in the period starting from the candidate election to the Board and finishing at the end of the Board's office.

The amount of remuneration for sitting on the Board of Directors for each of the Board members was calculated against the overall number of the Board of Directors meetings in the reporting quarter and the number of meetings every Board member attended.

The amount of the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors	R <sub>BASE</sub> (RUB)
Over RUB 200 bn	3,000,000
Over RUB 70 bn	2,700,000
Over RUB 30 bn	2,200,000
Over RUB 10 bn	1,600,000
Over RUB 1 bn	1,000,000
Over RUB 600 mn	800,000
Less than RUB 600 mn	600,000

- n is the number of meetings of the Board of Directors (irrespective of the form of a meeting) attended by a Board member in the reporting quarter
- m is the total number of meetings of the Board of Directors (irrespective of the form of a meeting) in the reporting quarter

The remuneration consists of base and additional parts:

- base part of the remuneration S (1) is calculated as per the formula:

$$S(1) = R_{\text{base}}/4 \times 100/130 \times \left( \frac{n}{m} \right), \text{ where:}$$

- R<sub>BASE</sub> is the amount of the base annual remuneration by reference to the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors.

- uplifts expressed in % relative to the remuneration base part are defined additionally:
  - 30% – for the Chairman of the Company's Board of Directors
  - 20% — for the Chairman of the specialised Committee under the Board of Directors
  - 10% – for the membership in a dedicated committee under the Company's Board of Directors

Uplifts for performing the duties of a Chairman and/or Board member are not paid if there are no Committee meetings held within the reporting quarter.

Remuneration is not paid to the members of the Board of Directors if they do not take part in more than 50% of the meetings held in the reporting quarter.

The remuneration is paid to the members of the Board of Directors within 30 calendar days after the end of the reporting quarter.

The Regulation on Remuneration and Reimbursement Payment to the Board of Directors:

- Does not apply to the members of the Board of Directors that are simultaneously members of executive bodies
- States that remunerations are not accrued and paid to the Chairman or members of the Company's Board of Directors if the federal legislation restricts or prohibits them to receive any payments from commercial organisations
- Provides the right of the Board members to receive reimbursement of expenditures associated with attending the meetings of the Board of Directors, its Committee, General Meetings of Shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company

## REMUNERATION ACCRUED AND PAID TO MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS<sup>1</sup> (RUB '000)

Indicator	Corporate 2019/2020	2020	Corporate 2020/2021	2021 <sup>2</sup>	Corporate 2021/2022	2022
Basic remuneration for participation in meetings of the Board of Directors	17,421	20,692	14,885	14,478	19,484	15,991
Uplift of 30% to the Chairman of the Board of Directors	511	635	497	496	635	508
Uplift of 20% to the Chairman of a dedicated committee under the Board of Directors	321	395	336	545	1,229	999
Uplift of 10% for membership in a dedicated committee under the Board of Directors	1,215	1,604	1,274	959	843	719
<b>Total</b>	<b>19,468</b>	<b>23,326</b>	<b>16,992</b>	<b>16,478</b>	<b>22,191</b>	<b>18,217</b>

The Company did not pay any other remunerations to the members of the Board of Directors.

The Company has no remuneration or reimbursement payments overdue to the Board of Directors members.

The expenses of the Board of Directors members were not reimbursed in the reporting year.

The Company did not provide any loans (credits) to the Board of Directors members.

## REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

In accordance with the decision of the Board of Directors of the Company dated 22 June 2016 (Minutes No. 243/2016 dated 24 June 2016) on approval of the list of positions included in the category of senior managers of Kubanenergo, JSC, members of the Management Board of the Company are classified as senior managers of the 1st category.

2015), when a senior manager is elected to the Management Board of the Company under the terms of employment contracts of Management Board members, payment is made by establishing a monthly personal allowance for performing the duties of a member of the collective executive body of the Company – the Management Board of Rosseti Kuban, PJSC.

In accordance with the Regulations on Financial Incentives and Social Package for Senior Managers of Rosseti Kuban, PJSC approved by the Company's Board of Directors (Minutes No. 207/2015 dated 17 April

<sup>1</sup> To ensure comparison of indicators in 2018–2020, the amounts of remuneration accrued and paid to the members of the Board of Directors for corporate years were released, as till 20 June 2019, there was a Regulation, under which remuneration to the members of the Board of Directors was paid once as per the results of work during the period from candidate election to the Board of Directors to formation of the new composition of the Board of Directors. The amount of the remuneration for participation in the work of the Company's Board of Directors was calculated in the same way as specified in the current Regulation, but the amount of the base annual remuneration (Rbase) set in relation to the Company's revenues had different values. In addition, the members of the Board of Directors also received extra payments from the net profits if the Company market capitalisation increases during their work.

<sup>2</sup> Subject to accrual and payment of remuneration for Q4 2021 in January 2022.



**REMUNERATION AND REIMBURSEMENT OF EXPENSES PAID TO THE MEMBERS OF THE COMPANY'S EXECUTIVE BODIES (RUB '000)**

Indicator	2020	2021	2022
Remuneration for sitting on the Management Board	1,918	1,506	1,667
Salary	29,359	28,324	38,185
Bonuses	24,765	21,528	36,204
Reimbursement of expenses	920	1,437	2,291
Other types of remuneration	3,352	3,284	2,192
<b>Total</b>	<b>60,314</b>	<b>56,079</b>	<b>80,539</b>

For the members of executive bodies, the Company has no remuneration or reimbursement payments overdue.

**REMUNERATION AND REIMBURSEMENT FOR THE AUDITING COMMISSION MEMBERS**

According to the effective Regulation on the Remuneration and Reimbursement Paid to the Auditing Commission of Kubanenergo, PJSC<sup>1</sup>, as approved by the Annual General Meeting of Shareholders (Minutes No. 40 dated 28 May 2018), the members of the Auditing Commission receive remunerations depending on the results of the work during the corporate year and their involvement with the work of such controlling body.

The remuneration amount for the Auditing Commission is calculated while taking into consideration the following:

- Size of the base part of the remuneration set according to the Company RAS profits for the financial year
- Personal involvement modifier for the Auditing Commission members, reflecting their participation in meetings and inspections, as well as their fulfilment of additional duties as Chairman or Secretary of the Auditing Commission.

No remuneration is paid to a member of the Auditing Commission who has not participated in more than half of the meetings held during his/her membership in the Auditing Commission.

Reimbursement of expenses related to the participation in the meetings of the Auditing Commission is performed to the extent of the real expenditures according to the standard regulations.

**REMUNERATION ACCRUED AND PAID TO THE MEMBERS OF THE AUDITING COMMISSION (RUB '000)**

2020 (for 2019/2020 corporate year)	2021 (for 2020/2021 corporate year)	2022 (for the 2021/2022 corporate year)
648	756	793

The expenses of the Auditing Commission members were not reimbursed in the reporting year.

<sup>1</sup> The Regulation on Payment of Remuneration and Reimbursement to Members of the Auditing Commission is published on the Company's website in the About the Company / Constituent and Internal Documents section (HYPERLINK <https://rosseti-kuban.ru/o-kompanii/uchreditelnye-i-vnutrennie-dokumenty/vnutrennie-polozeniya/>). The Regulation applies to members of the Auditing Commission who are not persons restricted or prohibited by federal laws from receiving any payments from commercial organisations.





# MATERIAL TRANSACTIONS MADE BY ROSSETI KUBAN, PJSC IN 2022

S. No.	Categories of material transactions	Material conditions of the transaction (parties, subject, price, validity period) in the reporting year
1	Transactions recognised as major transactions under Chapter X of the Federal Law on Joint Stock Companies	Rosseti Kuban, PJSC did not carry out such transactions in the reporting year
2	Interested-party transactions (Chapter XI of the Federal Law on Joint Stock Companies)	In the reporting year, the Company concluded three interested-party transactions. For a report on the interested-party transactions concluded by the Company in 2022, please see <a href="#">Appendix No. 2</a> to this report. S&As of the Company
3	Transactions for the sale of shares (interests) in Rosseti Kuban-controlled subsidiaries and affiliates that have of a significant importance to the Company and result in the loss of control over those legal entities	Rosseti Kuban has no subsidiaries and affiliates that are of significant importance to it
4	Transactions with property of Rosseti Kuban, PJSC (including several interrelated transactions) made by the Company, the value of which exceeds the amount specified in the Company's Articles of Association or which is material to its business operations	<p>No such transactions were made</p> <p>Non-residential premises exchange transaction preliminarily approved by the Company's Board of Directors on 9 November 2022 (Minutes No. 497/2022):</p> <p><b>Parties to the transaction:</b> Rosseti Kuban, PJSC (Party 1), Kubanenergосervice, LLC (Party 2)</p> <p><b>Subject of the transaction:</b> The parties are exchanging the non-residential premises owned by them.</p> <p><b>Price of Objects:</b> The price of the objects alienated by the Company is equal to the market value determined by the appraiser – Institute for Enterprise Issues, LLC and amounts to RUB 8,328 thousand, including VAT. The price of the object acquired by the Company is equal to the market value determined by the appraiser – Institute for Enterprise Issues, LLC and amounts to RUB 8,040 thousand, including VAT.</p> <p><b>Procedure for settlements in respect of property:</b> Party 2 shall be obliged to transfer the difference in property value in the amount of RUB 288 thousand to the current account of Party 1 within five (5) working days after the conclusion of the non-residential premises exchange agreement.</p> <p><b>The procedure for the transfer of property:</b> The property shall be handed over by the Parties according to the Acceptance and Delivery Certificates signed by authorised representatives of the Parties within five (5) working days after the conclusion of the non-residential premises exchange agreement. Ownership of the property is transferred in accordance with the procedure established by the legislation of the Russian Federation.</p> <p><b>Contract validity:</b> contractual relationship ends when the parties have fulfilled all their obligations under the agreement</p>
5	Establishment of a legal entity controlled by Rosseti Kuban, PJSC that is material to its operations	No such transactions were made



# INTERNAL AUDIT

The objective of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company's management and improving its financial and economic activities.

Such assistance is effected through a systematic and consistent review and assessment of risk management, internal control and corporate governance systems as tools to provide reasonable assurance of achieving the Company's objectives.

The Internal Audit Directorate is a subdivision responsible for the implementation of the internal audit function in the Company.

The Internal Audit Directorate is functionally accountable to the Board of Directors, while the latter:

- Establishes principles and approaches of organisation of the internal audit, as well as approves internal documents defining the Company's policy in terms of the internal audit
- Controls and organises the Internal Audit activities, among other things, approves the Regulation on Internal Audit Department, action plan, report on action plan implementation, and internal audit budget, preliminarily approves the resolutions of the Company's sole executive body concerning the appointment or dismissal (at the employer's initiative) of the Internal Audit Head, disciplinary penalties, approves employment contract and remuneration provisions for the Internal Audit Head, considers the quality assessment results for internal audit

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Directorate are set out in the Internal Audit Policy of the Company

approved by the resolution of the Board of Directors (Minutes No. 454/2021 dated 15 November 2021).

In 2022, the average headcount of personnel performing the internal audit function was 5.5.

The function of the Company's internal audit is regulated by the following key documents:

- Internal Audit Policy of the Company and the Code of Ethics for Internal Auditors approved by the resolution of the Board of Directors (Minutes No. 454/2021 dated 15 November 2021)
- Regulations on the Internal Audit Directorate, approved by decision of the Board of Directors of the Company (Minutes No. 473/2022 dated 21 April 2022)
- Programme on Assurance and Improvement of Internal Audit Quality approved by the resolution of the Company's Board of Directors (Minutes No. 473/2022 dated 21 April 2022)
- Corporate standards for the internal audit functions and the practical application standards elaborated in compliance with the international standards for the professional practice of internal auditing

The feedback from the Audit Committee is submitted to the Head of Internal Audit during the interactions with the Audit Committee including the participation in its meetings, the analysis of its resolutions/recommendations concerning the issues in the competence of the internal audit, and also by polling the members of Audit Committee.

The satisfaction index of the Audit Committee of the Board of Directors with the performance of the internal audit function for 2022 is assessed as "fully compliant". The satisfaction assessment is conducted following the Programme on Assurance and Improvement of internal audit quality in the Company, via polling.

The Company has developed an action plan for the development and improvement of internal audit activities in the Company for the period from 2020 to 2024, approved by the resolution of the Board of Directors dated 30 March 2020 (Minutes No. 383/2020 dated 2 April 2020) and amended by the resolution of the Board of Directors dated 19 February 2021 (Minutes No. 420/2021 dated 24 February 2021). The action plan for improvement of Company's internal audit is implemented to the fullest extent in terms of events planned for 2022.

**5.5** FTE  
average headcount of personnel performing the internal audit function

# SHARES AND DIVIDENDS

## AUTHORISED CAPITAL AND AUTHORISED SHARES

	At the beginning of 2022	As at the end of 2022
Type, category, kind, form of issuance of securities	Ordinary registered uncertified shares	
Nominal value of each share	RUB 100	
Authorised capital	RUB 33,465,783,700	RUB 33,465,783,700
Number of outstanding shares	341,825,681	363,300,457
State registration number of the issuance of securities and the date of state registration	No. 1-02-00063-A dated 8 July 2003 (main issue) No. 1-02-00063-A dated 1 April 2021 (additional issue)	
Presence/absence of a special right of the Russian Federation to participate in the Company's management ("golden share")	No special right of the Russian Federation to participate in the management of the Company ("golden share")	
Existence of authorised shares that the Company may float in addition to those already placed	135,481,556 ordinary shares for a total par value of RUB 13,548.16 mn	114,006,800 ordinary shares with a total par value of RUB 11,400.68 mn
Number of own shares on the Company's balance sheet	0	0
Number of shares of the Company owned by its controlled entities	0	0

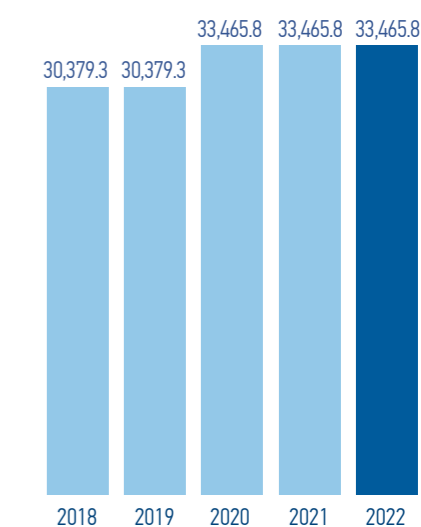
In the reporting year, an additional issue of shares began to be placed, continuing into 2021. The authorised capital of the Company did not change over the reporting year.

The Company did not place any preferred shares.

The Articles of Association of Rosseti Kuban, PJSC states that each registered ordinary share of the Company grants the same scope of rights to its holder. The rights of the shareholders are specified in [the Company's Articles of Association](#).

Shareholders are bound to abide the statutory requirements of the Russian Federation, the Company's Articles of Association and other by-laws, not to disclose confidential information and information that constitutes trade secrets, to bear the risk of losses related to the Company's activities within the value of their shares.

### CHANGE IN THE COMPANY'S AUTHORISED CAPITAL (RUB MN)



## ISSUANCE OF ADDITIONAL SHARES

During the reporting year, in accordance with the decision of the General Meeting of Shareholders dated 24 February 2021 to increase the authorised capital, the Company placed additionally issued shares, the state registration of which was made by the Bank of Russia on 1 April 2021.

The listing prospectus containing the conditions of the placement of securities and registered by the Bank of Russia also on 1 April 2021 provided for a maximum placement period of one year from the date of state registration of this additional issue of securities.

On 25 April 2022, the Bank of Russia registered the prospectus of the Company's securities providing for extension of the deadline for placement of additional shares until 1 April 2023 by extending the deadline for collection of offers to 2 March 2023.

On 20 March 2023, the Board of Directors resolved to approve a securities prospectus for Rosseti Kuban, PJSC, providing for an extension of the term of placement of securities pursuant to paragraph 12 of Article 22 of Federal Law No. 39-FZ dated 22 April 1996 on the Securities Market (Minutes No. 513/2023 dated 20 March 2023); in this connection, placement of additional shares of this issue is suspended until the registration of the securities prospectus by the Bank of Russia.

On 21 March 2023, the approved securities prospectus was sent to the Bank of Russia for registration. Once this prospectus is registered by the Bank of Russia, the placement of additional shares will continue.

### INFORMATION ON ADDITIONAL ISSUE OF SECURITIES

Issue goals	Financing of measures to create energy infrastructure for investment projects in the Republic of Adygeya, renovation of power supply centres in the Sochi power district, including reimbursement of costs incurred by the Company, increasing the financial stability of Rosseti Kuban and reducing its debt load
Share placement price	RUB 100 per one share
Form of payment for shares	Monetary funds
Period of preemptive right for the acquisition of additionally issued shares	From 10 April 2021 to 3 February 2022
Number of the Company's securities placed as a result of shareholders exercising their pre-emptive right to purchase securities	9,003,528
Period for collecting offers for acquisition of shares of additional issue stipulated by the listing prospectus registered on 25 April 2022	From 11 February 2022 to 2 March 2023
Date of suspension of the share placement	20 March 2023
Number of the Company's securities placed by public subscription as of 31 December 2022	19,639,092
Information on the additional issue of Rosseti Kuban shares on the Company website	Home / For Shareholders and Investors / Information Disclosure / Disclosure of information at specific stages of the securities issue procedure / Issue of shares of Rosseti Kuban constituting additional issue (state registration number 1-02-00063-A dated 1 April 2021)

## SHARE CAPITAL

The largest shareholders of the Company as at 31 December 2022:

- Rosseti, PJSC, which owns 93.96% of the voting shares of the Company
- DVEUK-UNPG, JSC, which owns 5.73% of the voting shares of the Company

The Russian Federation indirectly owned voting shares of Rosseti Kuban due to its dominant shareholding in the above companies (88.04% in Rosseti and 100% in DVEUK-UNPG).

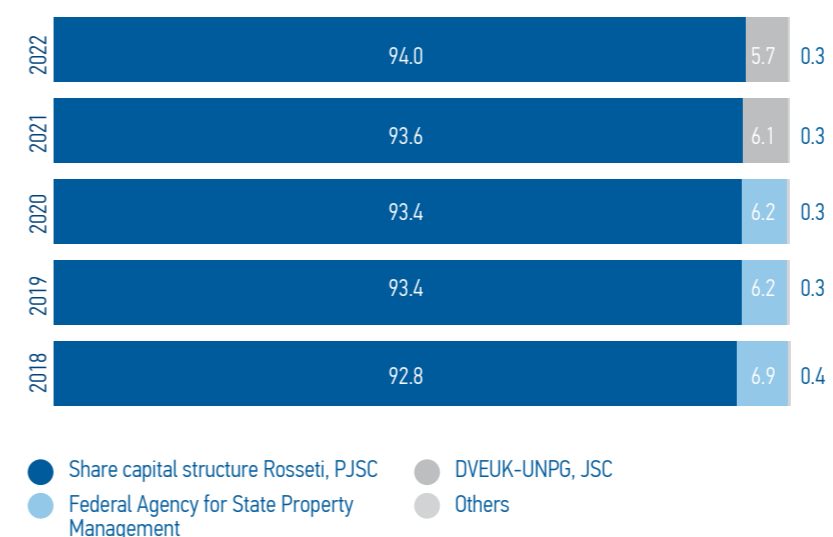
The Company does not have any other shareholders who own more than 5% of Rosseti Kuban's shares. The Company has no information about any shareholder agreement made. The Company does not hold any shares of its own. There are no cross-holdings of the Company's shares.

In addition, there were minor changes (up to 1%) in the structure of the Company's share capital due to placing additionally issued shares.

The following entities ceased to operate on 9 January 2023:

- Public Joint Stock Company Russian Grids (abbreviated Rosseti, PJSC) – the Company's largest shareholder
- Joint Stock Company Kuban Main Grids
- Joint Stock Company Tomsk Main Grids
- Joint Stock Company Far East Energy Management Company – UNPG (also a shareholder of the Company) in connection with their merger with Public Joint Stock Company Federal Grid Company – Rosseti (abbreviated name of Rosseti, PJSC, formerly FGC UES, PJSC). The latter is the universal legal successor of the above entities and has acquired ownership of all shares of Rosseti Kuban, PJSC owned by the above-mentioned shareholders of the Company. Thus, the share of Rosseti, PJSC in the total number of outstanding shares of Rosseti Kuban, PJSC since 9 January 2023 is 99.69%.

### SHARE CAPITAL STRUCTURE OF ROSSETI KUBAN IN 2018–2022 (%)



### STATISTICAL INFORMATION ON REGISTERED PERSONS IN THE REGISTER OF SHAREHOLDERS OF ROSSETI KUBAN, PJSC AS OF 31 DECEMBER 2022

Type of personal account / other account and category of registered person	Number of shares	% of issued shares	% of placed shares
Account of unidentified persons	3,364	0.0008	0.0009
Emission account	40,940,512	10.1277	
Legal entities — owners (accounts: 14)	2,876	0.0007	0.0008
Individual owners, including co-ownership accounts (accounts: 1,790)	341,998	0.0846	0.0941
Nominee holders of Central Securities Depository (accounts: 2)	362,952,219	0.0846	0.0941
<b>Total in the register (accounts: 1,808)</b>	<b>404,240,969</b>	<b>100.0</b>	<b>100.0</b>

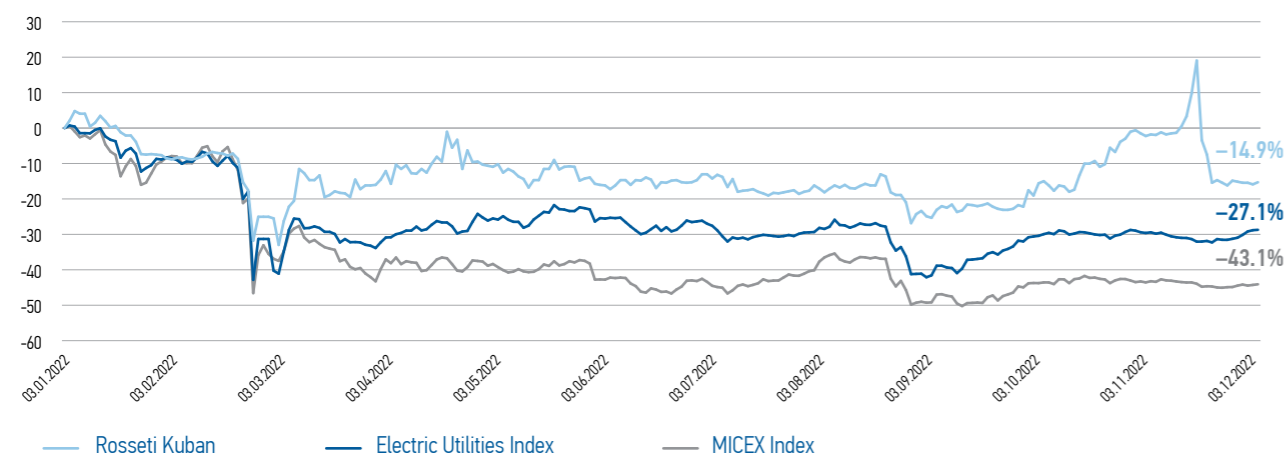


## EQUITY MARKET AND THE COMPANY'S CAPITALISATION

Shares of Rosseti Kuban, PJSC are traded on tier 3 of the List of Securities Admitted to Trading on the Moscow Exchange; ticker: KUBE, ISIN code: RU0009046767.

Information on the current quotations and transaction prices is available in Russian and English: <http://moex.com>; <https://rosseti-kuban.ru/>

### CHANGES IN ROSSETI KUBAN'S SHARE PRICE



The Company's market capitalisation at the end of 2021 was RUB 22.46 billion and at the end of 2022, including the additionally issued shares, – RUB20.38 billion (calculation based on market price 3).

The maximum level of capitalisation in 2022 was RUB 28.15 billion, the minimum level was RUB 13.75 billion. In the reporting year, the share price declined by 14.9% (closing price calculation) on the back of a 43.12% increase in the MICEX Index and a 27.09% decrease in the MICEX Power Index.

### MOVEMENTS OF PRICE PER ONE SHARE OF ROSSETI KUBAN IN 2022:

Closing price (end of 2021)	Minimum price, RUB	Maximum price, RUB	Closing price (end of 2022)	Relative gain for the period, %
66.4	40	79.4	56.5	-14.9

### QUOTATIONS AND TRADED VALUE

Indicator	2020	2021	2022	2022/2021 (relative gain, %)
Weighted average price at the end of the period (RUB)	68.5	66.7	56.3	-15.6
Market capitalisation on last trading day, RUB bn (including outstanding additional shares) (RUB bn)	22.69	22.46	20.38	-9.26
Trading volume (mn shares)	1.7	0.8	2.51	213.75
Trading volume (RUB mn)	129.3	60.3	156.16	158.97

The trading volume of the Company's stock on the Moscow Exchange in 2022 amounted to RUB 156.16 mn / 2.51 million shares.

The low trading activity in 2022 is due to the small number of free-floating shares.

The Company's shares are not included in the stock index calculation bases.

## DIVIDENDS

The Dividend Policy of the Company is the set of principles and methods used in the Company to determine the ratio between the capitalised portion of the Company profits and the amounts paid as dividends, as well as the system of relations and principles for determining the procedures and the terms of dividend payment, the establishment of Company responsibility for the dividend payment.

The Dividend Policy of the Company is based on the strict observance of the shareholders' rights as prescribed by the existing laws of the Russian Federation, the Articles of Association, and the internal documents of the Company. The Dividend Policy of the Company is aimed at raising the investment attractiveness of the Company and increasing its market capitalisation. The Policy is based on the balance of the interests of the Company and its shareholders.

The Dividend Policy of the Company is aligned with the Regulations on the Dividend Policy approved by the resolution of the Board of Directors on 31 January 2018 (Minutes No. 297/2018 dated 1 February 2018) and published on the corporate website in the [About the Company/ Constituent and Internal Documents section](#).

Main principles of the Company's Dividend Policy:

- Compliance with the Company practices for dividend accrual and payment, the laws of the Russian Federation and the standards of corporate governance (decree No. 1094-r of the Government of the Russian Federation dated 29 May 2017)
- Creating an optimal balance of interests of the Company and its shareholders
- Setting the dividend volume to at least 50% of the net profits determined according to the financial statements, including the consolidated reports prepared following the IFRS and calculated using the procedures set out by the Dividend Policy Regulations
- Ensuring that dividend payments can be made on a quarterly basis if the relevant criteria are met
- Ensuring the maximum transparency (reliability) of the dividend calculation mechanism and dividend payout procedures
- Supporting the positive dynamics of dividend payment volumes provided that the net profits of the Company increase
- Making the information on the Company's Dividend Policy available to the shareholders and other interested parties
- Maintaining the required level of the financial and technical conditions in the Company (Investment Programme implementation), supporting the Company development prospects

### PROFIT DISTRIBUTION ACCORDING TO RAS FOR 2018–2022<sup>1</sup>, RUB '000

Name	For 2018 (annual General Meeting of Shareholders, 2019)	For 2019 (annual General Meeting of Shareholders, 2020)	For 2020 (annual General Meeting of Shareholders, 2021)	For 2021 (annual General Meeting of Shareholders, 2021)
<b>Undistributed profit (loss) for the reporting period, incl.:</b>	<b>151,158</b>	<b>2,428,011</b>	<b>(1,501,278)</b>	<b>1,711,834</b>
Reserve fund	7,560	121,401	–	85,592
Profit for development	0	1,669,696	–	694,019
Dividends	143,638	636,914	–	932,223
Recovery of losses of prior periods	–	–	–	–

On 5 December 2022, the extraordinary General Meeting of Shareholders of the Company decided to pay dividends on ordinary shares of the Company from the net profit of the Company for 9 months of 2022 in the amount of RUB 1,943,544 thousand in cash.

In accordance with the Company's Articles of Association, the annual General Meeting of Shareholders will decide on the distribution of profits based on the results of 2022.

<sup>1</sup> Decisions on profit distribution for 2018–2020 were adopted by the Annual General Meeting of Shareholders of the Company (No. 42 dated 20 June 2019, No. 43 dated 29 May 2020, No. 45 dated 4 June 2021, No. 48 dated 21 June 2022 respectively).

**HISTORY OF DIVIDEND PAYMENTS MADE BY THE COMPANY IN 2016–2022**

	Dividend period, year					
	2016	2017	2018	2019	2021	9 months 2022
Number and date of the Minutes of the General Meeting of Shareholders, when the dividend payment decision was made	No. 39 dated 29.06.2017	No. 40 dated 25.05.2018	No. 42 dated 20.06.2019	No. 43 dated 29.05.2020	No. 48 dated 21.06.2022	No. 49 dated 08.12.2022
Record date of making a list of persons entitled to dividends for the particular dividend period	27.06.2017	05.06.2018	01.07.2019	15.06.2020	27.06.2022	16.12.2022
Volume of declared (accrued) dividends for the shares of this category (type) per one share (RUB)	1.762658567	1.0585165	0.472815	1.90318	2.71262	5.4823041072
Cumulative declared (accrued) dividends for all shares of this category (type) (RUB)	535,125,135	321,570,274	143,638,050	636,914,105	932,223,000	1,943,544,000
Total amount of dividends paid on all Company shares of one category (type) (RUB)	534,876,410.47	321,443,450.61	143,566,208.80	636,664,303.52	931,799,202.66	1,827,451,279.06
Payment term for the declared dividends on the Company's shares	10 and 25 working days <sup>1</sup>	10 and 25 working days <sup>1</sup>	10 and 25 working days <sup>1</sup>	10 and 25 working days <sup>1</sup>	10 and 25 working days <sup>1</sup>	10 and 25 working days <sup>1</sup>
Form of payment and other provisions for the declared dividends on the Company's shares	Monetary funds					
Causes of non-distribution of declared dividends	The questionnaire contains no dividends allocation details to be provided by a registered person					

The General Meeting of Shareholders of the Company (Minutes No. 45 dated 4 June 2021) decided not to pay dividends based on the 2020 results.

There are no dividend arrears owed by the Company.

<sup>1</sup> For nominee shareholders that are securities market professional trustees, the term of payment is 10 working days maximum, and for other registered shareholders the same is 25 working days from the record date.





# REFERENCE INFORMATION

## CONTACT DETAILS

Complete trade name	Public Joint Stock company "Rosseti Kuban"
Abbreviated name	"Rosseti Kuban", PJSC
The company is not in the List of Strategic Enterprises and Joint Stock Companies approved by Decree of the President of the Russian Federation No. 1009 dated 4 August 2004	
Location	Krasnodar, Russian Federation
Postal Address	2A Stavropolskaya St., Krasnodar, Russian Federation, 350033
Information about State Registration as a Legal Entity	Certificates of State Registration No. 127 dated 10.02.1993 Primary State Registration Number: 1022301427268
Constituent entity of the Russian Federation, where the Company is registered	Krasnodar Territory
Banking Details	INN/KPP 2309001660/997650001 S.A. 40702810330020101989 in the Krasnodar Branch of Sberbank, PJSC No. 8619, Krasnodar C.A. 30101810100000000602 BIK 040349602
Contact Phone/Fax	+7 (861) 212-24-03 / +7 (861) 268-24-93
Email	telet@rosseti-kuban.ru
Web-page address	<a href="https://www.rosseti-kuban.ru/">https://www.rosseti-kuban.ru/</a>

### Contacts for shareholders

#### Chief Specialist of the Corporate Support Department

Anna Yurchenko  
+7 (861) 212-26-72  
[yurchenkoai@rosseti-kuban.ru](mailto:yurchenkoai@rosseti-kuban.ru)

### Contacts for investors and financial analysts

#### Head of the Corporate Support Department

Yekaterina Didenko  
+7 (861) 212-23-09  
[didenkoe@rosseti-kuban.ru](mailto:didenkoe@rosseti-kuban.ru)

### Contacts for customers

#### Head of Customer Relations Department

Oksana Zaitseva  
+7 (861) 212-23-30  
[zaytsevaok@rosseti-kuban.ru](mailto:zaytsevaok@rosseti-kuban.ru)

#### Internet-reception desk

Company's  
[www.rosseti-kuban.ru](http://www.rosseti-kuban.ru) —  
Consumer / Consumer Service System / Interactive Feedback (Internet-reception desk)

#### Interactive Service

Rosseti Group's power grid services portal  
[www.портал-тп.рф](http://www.портал-тп.рф)

#### Call centre

8 (800) 100-15-52,  
8 (800) 220-02-20  
(24/7)

### Contacts of customer service centres

Branch of Rosseti Kuban, PJSC	Contact Phone	Email
Main Consumer Service Centre of the Executive Office of Rosseti Kuban, PJSC	+7 (861) 212-22-22	<a href="mailto:client.service@rosseti-kuban.ru">client.service@rosseti-kuban.ru</a>
Adygeyan Power Grids	+7 (8772) 53-52-02	<a href="mailto:client.service@ades.rosseti-kuban.ru">client.service@ades.rosseti-kuban.ru</a>
Armavir Power Grids	+7 (86137) 6-98-03	<a href="mailto:uslugi@armset.ru">uslugi@armset.ru</a>
Labinsk Power Grids	+7 (86169) 6-91-53	<a href="mailto:cok@labnet.kuban.ru">cok@labnet.kuban.ru</a>
Leningrad Power Grids	+7 (86145) 7-35-00	<a href="mailto:kazantsevali@lenseti.kuban.ru">kazantsevali@lenseti.kuban.ru</a>
Slavyansk Power Grids	+7 (86146) 4-33-14	<a href="mailto:klient@slavseti.ru">klient@slavseti.ru</a>
Sochi Power Grids	+7 (8622) 69-02-42 (Sochi) +7 (862) 227-03-27 (Sochi, Adler District)	<a href="mailto:tsoksochi@elsetisochi.ru">tsoksochi@elsetisochi.ru</a>
Timashevsk Power Grids	+7 (86130) 2-32-65	<a href="mailto:cok@timseti.kuban.ru">cok@timseti.kuban.ru</a>
Tikhoretsk Power Grids	+7 (86196) 7-04-17	<a href="mailto:goryainovane@tihset.ru">goryainovane@tihset.ru</a>
Ust-labinsk Power Grids	+7 (86135) 5-03-43	<a href="mailto:uslugi@useti.kuban.ru">uslugi@useti.kuban.ru</a>
South-West Power Grids	+7 (8617) 64-34-33 +7 (8617) 64-34-45 (Novorossiysk) +7 (86133) 2-09-50 (Anapa)	<a href="mailto:novolatoe@novuzs.ru">novolatoe@novuzs.ru</a>

## For jobseekers

Rosseti Kuban, PJSC	Full Name of a person responsible for staff recruitment	Contact Phone Number, E-mail
<b>Executive Office</b>	Natalya Novikova, Chief Specialist of the HR Training and Development Group	+7 (861) 212-26-36 <a href="mailto:novikovani@rosseti-kuban.ru">novikovani@rosseti-kuban.ru</a>
<b>Adygeyan Power Grids</b>	Lyubov Arabkina, Head of HR Department	+7 (8772) 53-54-30 <a href="mailto:ArabkinaLA@ades.rosseti-kuban.ru">ArabkinaLA@ades.rosseti-kuban.ru</a>
<b>Armavir Power Grids</b>	Natalya Agapova, Head of HR Department	+7 (86137) 6-98-66 <a href="mailto:agapovand@armes.rosseti-kuban.ru">agapovand@armes.rosseti-kuban.ru</a>
<b>Krasnodar Power Grids</b>	Maria Marchenko, Leading specialist of the HR Department	+7 (861) 255-73-35 <a href="mailto:MarchenkoMV@krdes.rosseti-kuban.ru">MarchenkoMV@krdes.rosseti-kuban.ru</a>
<b>Slavyansk Power Grids</b>	Tatiana Lebedeva, Head of HR Department	+7 (86146) 4-15-37 <a href="mailto:LebedevaTV@slaves.rosseti-kuban.ru">LebedevaTV@slaves.rosseti-kuban.ru</a>
<b>Sochi Power Grids</b>	Smirnova Olga, Deputy Head of HR Department	+7 (862) 269-04-60 <a href="mailto:smirnovaof@sochies.rosseti-kuban.ru">smirnovaof@sochies.rosseti-kuban.ru</a>
<b>South-West Power Grids</b>	Oksana Lomakina, Cat. I Specialist in the Recruitment and Personnel Development Section of the Human Resources Management Department	+7 (8617) 67-84-37 <a href="mailto:lomakinaoa@uzes.rosseti-kuban.ru">lomakinaoa@uzes.rosseti-kuban.ru</a>
<b>Labinsk Power Grids</b>	Brykalova Yana, Cat. I Specialist of the HR Department	+7 (86169) 6-95-25 <a href="mailto:Brikalova@labes.rosseti-kuban.ru">Brikalova@labes.rosseti-kuban.ru</a>
<b>Leningrad Power Grids</b>	Olga Shkredova, Head of HR Department	+7 (86145) 7-03-01 <a href="mailto:ShkredovaOV@Lenes.rosseti-kuban.ru">ShkredovaOV@Lenes.rosseti-kuban.ru</a>
<b>Timashevsk Power Grids</b>	Iraida Bednaya, Head of HR Department	+7 (86130) 2-32-23 <a href="mailto:BednayaIV@times.rosseti-kuban.ru">BednayaIV@times.rosseti-kuban.ru</a>
<b>Tikhoretsk Power Grids</b>	Marina Savelyeva, Head of HR Department	+7 (86196) 7-47-73 <a href="mailto:savelevamg@tikhes.rosseti-kuban.ru">savelevamg@tikhes.rosseti-kuban.ru</a>
<b>Ust-labinsk Power Grids</b>	Irina Telyatnikova, Leading specialist of the HR Department	+7 (86135) 9-13-37 <a href="mailto:TelyatnikovalA@ules.rosseti-kuban.ru">TelyatnikovalA@ules.rosseti-kuban.ru</a>

## Rosseti Kuban's press service

Phone: +7 (861) 212-24-68

Media request email: [sadymva@rosseti-kuban.ru](mailto:sadymva@rosseti-kuban.ru)

## Branches of Rosseti Kuban, PJSC as of 31 December 2022

Name	Location
<b>Adygeyan Power Grids</b>	358 Shovgenova St., Maikop, Republic of Adygeya, Russia
<b>Armavir Power Grids</b>	54 Vorovskogo St., Armavir, Krasnodar Territory, Russia
<b>Krasnodar Power Grids</b>	131 Pashkovskaya St., Krasnodar, Krasnodar Territory, Russia
<b>Labinsk Power Grids</b>	334 Mira St., Labinsk, Krasnodar Territory, Russia
<b>Leningrad Power Grids</b>	6,302 Divizii St., Leningradskaya stanitsa, Krasnodar Territory, Russia
<b>Slavyansk Power Grids</b>	49 Stroitel'naya St., Slavyansk-on-Kuban, Krasnodar Territory, Russia
<b>Sochi Power Grids</b>	42 Konstitutsii SSSR St., Sochi, Krasnodar Territory, Russia
<b>Timashevsk Power Grids</b>	176 Lenina St., Timashevsk, Krasnodar Territory, Russia
<b>Tikhoretsk Power Grids</b>	62 Dzerzhinskogo St., Tikhoretsk, Krasnodar Territory, Russia
<b>Ust-labinsk Power Grids</b>	4 Krasnodarskaya St., Ust-Labinsk, Krasnodar Territory, Russia
<b>South-West Power Grids</b>	1 Vostochnyi mol., Novorossiysk, Krasnodar Territory, Russia



# REGISTRAR'S DETAILS

Complete trade name	Joint Stock Company "Independent Registrar Company R.O.S.T."
Abbreviated name	IRC — R.O.S.T., JSC
INN/OGRN	7726030449/1027739216757
Location	18 Stromynka St., bldg 5B, Moscow, 107076
Licence to keep a register:	
→ number	045-13976-000001
→ date of issue	03.12.2002
→ period of validity	Unlimited
→ issuing authority	Russian Federal Securities Committee
Contact Phone/Fax	+7 (495) 780-73-63 / +7 (495) 989-76-50
Email	<a href="mailto:info@rost.ru">info@rost.ru</a>
Web-page address	<a href="http://www.rost.ru">www.rost.ru</a>

IRC — R.O.S.T., JSC keeps a register of the owners of the Company securities since 16 December 2010.

There are no transfer agents at IRC — R.O.S.T., JSC that can provide services to people registered as shareholders of Rosseti Kuban, PJSC.

# TERMS AND ABBREVIATIONS

**Average Headcount** — an overall number of employees for each calendar day of a period including holidays (banking holidays) and days-off divided by the number of calendar days in the period  
**c.u.** — conventional units for electric equipment

**Commercial Metering of Electricity (Capacity)** — the process of measuring the amount of electricity and determining the amount of capacity, as well as collecting, storing, processing, transmitting the results of these measurements and generating, including by calculation, data on the amount of electricity (capacity) produced and consumed for mutual settlements for the supplied electricity and capacity, as well as for services related to the said supplies

**Common-Pot Tariffs for Electricity Transmission** — uniform tariffs for electricity transmission services in the Krasnodar Territory and the Republic of Adygeya for all consumers of electricity transmission services irrespective of which power grid organisation they are connected to, differentiated according to the voltage levels.

**Corporate Year** — a period between the election of members of the Board of Directors and the Auditing Commission at the General Meeting of Shareholders and the next annual General Meeting of Shareholders

**Delivery to the Grid** — the amount of electric power received in the distribution grid from the delivery points of the Uniform National Power Grid, generation points and other related systems, formed according to the voltage level on the balance responsibility border

**Disturbances (accident)** — an unauthorised disconnection of normal power grid operations

**EBITDA** — Earnings before Interest, Taxes, Depreciation, and Amortisation

## Electricity Losses:

**Actual (Reported) Electricity Losses** — a difference between the amount of electric power supplied to the power grid from other grids or power producers and the amount of electric power consumed by the power receivers connected to the grid and transferred to other grid operators

**Standard Electricity Losses** — calculated loss values set by authorised federal executive bodies for the aggregated electricity transmission lines and other facilities owned by the grid operator and differentiated according to the voltage levels; the cost of normal losses of electricity is included in the amount of the payment for the transmission of electricity (tariff)

**Excessive (Commercial) Electricity Losses** — a difference between actual and standard electricity losses, paid to the full extent by the operator of the grid where these excessive losses occurred

**Electricity Metering Device** — a measuring device designed to determine the amount of active and/or reactive electrical energy that passed through it in a certain period of time to the place of consumption of electrical energy

**EPSS** — Emergency Power Supply Sources

**FEC** — Fuel & Energy Complex

**Grid Connection** — a technical connection of consumer terminals (power

units) of legal and natural entities to the power grids of the company that provides electricity transmission services

**Grid Organisation, Distribution Grid Company** — an organisation responsible for transmission and/or distribution of electricity in power grids

**Guaranteeing Supplier** — a commercial organisation obliged to enter in contracts for electricity sale and purchase with any electricity consumer or a person acting on behalf of such consumer willing to buy electricity in accordance with Federal Law No. 35-FZ on Electrical Power dated 26 March 2003 or voluntarily assumed liabilities

**Net Delivery** — the amount of electric power transmitted (supplied) via distribution grids to power supply points of consumers and (or) downstream grid operators, which was formed according to the voltage level on the balance responsibility borders. It corresponds with the physical process of electricity transmission via power grids

**PAMS** — Production Asset Management System

**PBU** — Accounting Regulations

**PG** — Power Grids

**PGR** — Power Grid Regions in the Company's Branches

**Power Centre** — substation bars with a voltage of 110, 35, 6/10 kV

**PTL** — Power Transmission Line

**R&D** — Research and Development

**RAS** — Russian Accounting Standards

## TERMS AND ABBREVIATIONS

### Related Grid Organisation —

a grid operator that is a legal owner of the power grid facilities connected directly to the power grids of other operators (it cooperates with)

### Required Gross Revenue, own RGR of the Company —

an economically feasible amount of funds necessary for the organisation to perform regulated activities within the reporting period of regulation without the costs of services of territorial grid companies, FGC UES, PJSC, and the purchase of electricity to compensate losses

### Required Gross Revenue, regional RGR —

an economically feasible amount of funds necessary for grid organisations functioning in the Krasnodar Territory and the Republic of Adygeya to perform regulated activities related to power transmission during the reporting period of regulation

### ROE (Return On Equity) —

cost-effectiveness of equities; represents performance efficiency; a ratio of net profits for the period divided by equities of an organisation

### ROTA (Return on total assets) —

cost-effectiveness of total assets; represents performance efficiency; a ratio of net profits (of before-tax profits) for the period divided by the total value of company assets for the period

### S&A —

Subsidiaries and Affiliates of the Company or Rosseti, PJSC

### SS —

Substation

### STRD-KT —

State Tariff Regulation Department of the Krasnodar Territory — an executive authority of the Krasnodar Territory in the field of state regulation of tariffs.

### Technical Electricity Metering —

metering to control electricity consumption within power plants, substations, businesses, buildings, flats, etc. Meters used for technical metering are called technical meters

### Technical Losses —

losses of electric power in power grid lines and equipment due to the physical processes occurring when transmitting power in accordance with the specifications and operating modes of grids and equipment, taking into consideration the power consumption of substations

### TGO (territorial grid organisation) —

a commercial organisation that owns power grid facilities by right of property or other grounds set forth in federal laws and provides electricity transmission services using those, performs proper grid connection of power recipients (power units) of legal and natural entities to power grids, apart from signing power transmission contracts using the power grid facilities outside the Uniform National (Russian) Power Grid

### TS —

Transformer Substation

### UNPG —

Unified National Power Grid (of Russia)

### Volume of Services Rendered —

the amount of electric power transmitted via the power grid facilities owned by the grid company on any grounds compliant with the laws of the Russian Federation

# APPENDICES TO THE ANNUAL REPORT

The following Appendices are an integral part of this Annual Report.

No. of the Appendix	Name of the Appendix
1	Report on Compliance of Rosseti Kuban, PJSC with the Corporate Governance Code Recommended by the Bank of Russia in 2022
2	Report on Interested-Party Transactions Concluded by Rosseti Kuban, PJSC in 2022
3	Information on Non-Core Assets of Rosseti Kuban, PJSC Participation of Rosseti Kuban, PJSC in Commercial and Non-commercial Organisations
4	Annual RAS Financial Statements of Rosseti Kuban, PJSC for 2022 and the Auditor's Report on their Reliability
5	IFRS Consolidated Financial Statements for 2022 with Auditor's Report
6	Opinion of the Auditing Commission
7	Functions of Participants in the Internal Control System of Rosseti Kuban, PJSC
8	Participants in the Risk Management System and their Functions
9	Dynamic Indicators on Grid Connection of Consumers in 2020–2022

## UNITS OF MEASUREMENT (UOM)

'000 – thousand	kVA – kilovolt-ampere	MVA – megavolt-ampere	t – tonne
bn – billion	kW – kilowatt	MW – megawatt	thsd – thousand
Gcal – gigacalorie	kWh – kilowatt-hour	p.p. – percentage point	toe – tonne of oil equivalent
h – hour	m – metre	pcs – pieces	VA – volt-ampere
km – kilometre	min – minute	RUB – Russian Rouble	W – watt
kV – kilovolt	mn – million	s – second	



# APPENDIX NO. 1

## REPORT ON COMPLIANCE BY ROSSETI KUBAN, PJSC WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE APPROVED BY THE BOARD OF DIRECTORS OF THE BANK OF RUSSIA ON 21 MARCH 2014 AND RECOMMENDED FOR USE BY THE BANK OF RUSSIA (LETTER OF THE BANK OF RUSSIA NO. 06-52/2463 DATED 10 APRIL 2014)

This report on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia (hereinafter, the Report) was considered by the Board of Directors of Rosseti Kuban, PJSC at its meeting on 11 May 2023 (Minutes No. 519/2023 dated 12 May 2023).

The Board of Directors certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

Rosseti Kuban, PJSC shall assess compliance with the principles and recommendations of the Corporate Governance Code based on the Methodology recommended by the Bank of Russia in Letter No. IN-06-28/102 dated 27 December 2021 on disclosure of a report on compliance with the principles and recommendations of the corporate governance code in the annual report of a public joint stock company.

This Report is an appendix to the Annual Report of Rosseti Kuban, PJSC for 2022, which describes the most significant aspects of the corporate governance model and practices.

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status <sup>1</sup> of compliance with the corporate governance principle	Explanations <sup>2</sup> of deviations from the criteria for assessing compliance with the principle of corporate governance
1	2	3	4	5
1.1	<b>The company must ensure equal and fair treatment of all shareholders in the exercise of their right to participate in the management of the company</b>			
1.1.1	The company creates the most favourable conditions for shareholders for participation in the general meeting, conditions for developing a reasonable position on the agenda of the general meeting, coordination of their actions, and the opportunity to express their opinion on the issues under consideration	1. The company provides an affordable way to communicate with the public such as a hotline, e-mail or a forum on the Internet, which allows shareholders to express their views and send questions about the agenda during preparation to the general meeting. These methods of communication were organised by the company and made available to shareholders in preparation for each general meeting held during the reporting period	<b>complied with</b> partially complied with not complied with	
1.1.2	The process for distributing notice of a general meeting and supplying meeting materials helps shareholders to adequately prepare for attending the meeting	1. In the reporting period, the notice of the general meeting of shareholders was posted (published) on the company's website no later than 30 days before the date of the general meeting, unless law stipulates a longer period. 2. The notice of the meeting lists the documents required for admission to the venue. 3. Shareholders were provided with access to information on the persons being initiators of the agenda items and nominating the candidates for the board of directors and the audit commission (if establishment of the same is stipulated by the company's articles of association)	<b>complied with</b> partially complied with not complied with	According to Articles 2 and 3 of Federal Law No. 25-FZ dated 25 February 2022 on Amendments to the Federal Law on Joint Stock Companies and Suspension of Certain Provisions of Legislative Acts of the Russian Federation, a joint stock company may vote in absentia in 2022 by resolution of its board of directors (supervisory board). The Board of Directors of Rosseti Kuban, PJSC decided to convene the annual General Meeting of Shareholders in the form of absentee voting (Minutes No. 476/2022 dated 13 May 2022). For this reason, the notice of meeting did not specify the documents required for admission to the premises. Holding the annual General Meeting of Shareholders of Rosseti Kuban, PJSC in the form of absentee voting is a forced measure. Rosseti Kuban, PJSC provides an opportunity for shareholders to prepare properly for participation in the General Meeting of Shareholders.
1.1.3	During the preparation and conduct of the general meeting, the shareholders had an opportunity to receive information on the meeting and materials hereto easily and in a timely manner, to ask questions to the executive bodies and members of the board of directors of the company, and communicate with each other	1. During the reporting period, shareholders were given an opportunity to ask members of the company's executive bodies and members of the company's board of directors questions in the course of preparations to the annual general meeting of shareholders and during the meeting as well. 2. The position of the board of directors (including the special opinions added to the minutes, if any) on each item of the agenda of the general meetings held during the reporting period was specified in the materials for the general meeting. 3. The company provided authorized shareholders with access to the list of persons eligible for participation in the general meeting of shareholders, starting from the date when this list was received by the company; this applies to all such meetings in the reporting period	<b>complied with</b> partially complied with not complied with	
1.1.4	A shareholder's right to demand that the general meeting of shareholders be convened, nominate candidates to the governing bodies and propose agenda items for the general meeting was exercised without unnecessary elements of complexity	1. The company's articles of association stipulates a deadline for shareholders to submit proposals for inclusion on the agenda of the annual general meeting of shareholders; such deadline should be at least 60 days after the end of the relevant calendar year. 2. In the reporting period, the company did not reject proposals regarding agenda items or candidates nominated to the company's bodies because of misprints and other minor drawbacks in a shareholder's proposal	<b>complied with</b> partially complied with not complied with	
1.1.5	Each shareholder had an opportunity to freely exercise the right to vote in the simplest and most convenient for him/her way	3. The company's articles of association provides for the possibility of completing the electronic form of the ballot on the website (its address is specified in the notice of the general meeting of shareholders)	<b>complied with</b> partially complied with not complied with	

<sup>1</sup> The "complied with" status shall be indicated only if the company's corporate practices meet all the criteria for compliance with the principle of corporate governance listed in the [third column](#) of the Code Compliance Report Form. If the company's corporate practices meet only some of the compliance criteria or do not meet any of them, the [fourth column](#) of the Code Compliance Report Form indicates the status of compliance with the Code principle as "partially complied with" or "not complied with" respectively.

<sup>2</sup> Provided for each assessment criterion (compliance criterion) of the corporate governance principle in case the company complies with only part of the criteria or does not comply with any of the criteria for assessing compliance with the principle.



N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
1.1.6	The procedure for holding the general meeting established in the company provides all persons present at the meeting with equal opportunities for expressing their opinions and asking questions	<ol style="list-style-type: none"> <li>When general meetings of shareholders were held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items and time for discussion of these issues, and shareholders were given the opportunity to express their opinions and ask questions of interest on the agenda.</li> <li>The company invited candidates to the management and control bodies of the company and took all necessary steps to ensure their participation in the general meeting of shareholders, at which their nominations were put to a vote. The nominees to the management and control bodies of the company who were present at the general meeting of shareholders were available to answer questions from shareholders.</li> <li>The sole executive body, the accounting officer, the chair or other members of the audit committee of the board of directors were available to answer questions from shareholders at the general meetings of shareholders held during the reporting period.</li> <li>In the reporting period, the company used telecommunication means for remote access of shareholders to participate in general meetings, or the board of directors made a reasonable decision that there was no need (possibility) to use such means in the reporting period</li> </ol>	<b>complied with</b> partially complied with not complied with	Pursuant to Article 3 of Federal Law No. 25-FZ dated 25 February 2022 on Amendments to the Federal Law on Joint Stock Companies and Suspension of Certain Provisions of Legislative Acts, the Annual General Meeting of Shareholders of Rosseti Kuban, PJSC in 2022 was held in the form of absentee voting, so the above criteria for assessing the compliance with this principle of corporate governance are not applicable.
<b>1.2 The shareholders are given equal and equitable opportunities to receive a share of the company's profits by receiving dividends</b>				
1.2.1	The company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and their payment	<ol style="list-style-type: none"> <li>The company's regulation on the dividend policy was approved by the board of directors and disclosed on the company's website.</li> <li>If the dividend policy of a company compiling the consolidated financial statements uses the indicators of the company's statements to determine the amount of dividends, then the appropriate provisions of the dividend policy account for the consolidated indicators of the financial statements.</li> <li>Justification of the proposed distribution of net profit, including the payment of dividends and the company's own needs, and assessment of its compliance with the dividend policy adopted by the company, with explanations and economic justification of the need to direct a certain portion of net profit to its own needs in the reporting period were included in the materials for the general meeting of shareholders, the agenda of which includes an item on profit distribution (including the payment (declaration) of dividends)</li> </ol>	<b>complied with</b> partially complied with not complied with	
1.2.2	The company does not make a decision on dividend payment if such a decision is economically unfeasible and may create a misleading impression as to the company's operations, despite formal compliance of such decision with the legislation	<ol style="list-style-type: none"> <li>The regulations on company's dividend policy, in addition to the statutory restrictions, defines the financial/economic circumstances the company should not decide to pay dividends under</li> </ol>	<b>complied with</b> partially complied with not complied with	
1.2.3	The company does not allow a deterioration in terms of dividend rights of existing shareholders	<ol style="list-style-type: none"> <li>In the reporting period, the company did not take any actions causing deterioration in terms of dividend rights of existing shareholders</li> </ol>	<b>complied with</b> partially complied with not complied with	
1.2.4	The company aims to ensure that shareholders do not have any other ways to receive profit (income) from the company, except as dividends and liquidation value	<ol style="list-style-type: none"> <li>During the reporting period, there were no other ways for the entities controlling the company to receive profit (income) at the company's expense other than dividends (e.g., through transfer pricing, unjustified provision of services to the company by the controlling entity at inflated prices, through internal loans substituting dividends to the controlling entities and (or) its controlled entities)</li> </ol>	<b>complied with</b> partially complied with not complied with	
<b>1.3 The corporate governance system and practices should ensure equitable treatment of all shareholders owning shares of one class (type), including minority (small) shareholders and foreign shareholders, and equal treatment of them by the company</b>				
1.3.1	The company made sure that its governing bodies and controlling entities treat each and every shareholder fairly, while also preventing abuse of minority shareholders by major shareholders	<ol style="list-style-type: none"> <li>During the reporting period, the company's controlling entities did not abuse their rights in relation to the company's shareholders, there were no conflicts between the company's controlling entities and the company's shareholders, and if there were, the board of directors paid due attention to the same</li> </ol>	<b>complied with</b> partially complied with not complied with	
1.3.2	The company does not take any actions which cause or may cause artificial redistribution of corporate control	<ol style="list-style-type: none"> <li>There were no quasi-treasury shares in the company, or they did not participate in voting in the reporting period</li> </ol>	<b>complied with</b> partially complied with not complied with	

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
1.4	<b>Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares</b>			
1.4	Shareholders have reliable and effective methods to record ownership of shares and an opportunity to freely and quickly dispose of their shares	1. The technology and service conditions of the company registrar meet the needs of the company and its shareholders and ensure that shareholder rights are regarded and exercised in the most efficient manner	<b>complied with</b> partially complied with not complied with	
2.1	<b>The board of directors is responsible for the strategic management of the company; it formulates the basic principles and approaches to the development of the risk management and internal control system, supervises the work of the company's executive bodies and performs other core functions</b>			
2.1.1	The board of directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including due to improper performance of their functions. The board of directors also ensures that the company's executive bodies act in accordance with the approved development strategy and the company's key areas of business	1. The board of directors has the power to appoint and dismiss members of executive bodies, as well as to determine the terms and conditions of their contracts; those powers are stipulated in the articles of association. 2. During the reporting period, the nominations (appointments, personnel) <sup>1</sup> committee reviewed the compliance of the professional qualifications, skills and experience of the members of the executive bodies in respect of the current and expected needs of the company as dictated by the approved strategy of the company. 3. In the reporting period, the board of directors reviewed the report(s) of the sole executive body and the collegial executive body (if any) on the implementation of the company's strategy	complied with <b>partially complied with</b> not complied with	Criterion 1 is complied with. Criterion 2 is partially complied with. The Personnel and Remuneration Committee of the Board of Directors of the Company reviewed the following during the reporting year: • Performance of certain key employees who are also members of the Company's Management Board, and recommended that the General Director conclude new employment contracts with them • Matters concerning approval of candidates for key positions • Matters concerning the approval of candidates to be elected to the Management Board of the Company Criterion 3 is partially complied with. The Board of Directors did not approve the Company's strategy. The Company, as part of the unified distribution complex of the Russian Federation and the Rosseti Group, strives to achieve the goals defined by the Russian Federation and the Development Strategy of Rosseti and its S&As until 2030, approved by the Board of Directors of Rosseti (Minutes No. 388 dated 26 December 2019). During the reporting year, the Board of Directors regularly reviewed reports on the Company's implementation of strategic programmes and indicators: • Business plan of the Company • Investment programme • Report on the organisation, operation and effectiveness of the risk management system • KPIs of the General Director • Development plan for production asset management system digital transformation programme activities, etc. Non-compliance is time-limited. The Company plans to achieve compliance with the elements of the Code in the future
2.1.2	The board of directors decides on the main long-term strategic targets for the company's operations, assesses and approves key performance indicators and the company's main business goals, assesses and approves the strategy and business plans for the company's core business areas	1. In the reporting period, the board of directors addressed issues related to the implementation and review of the strategy, approval of the financial and economic plan (budget) of the company, as well as consideration of criteria and indicators (including interim indicators) related to the implementation of the company's strategy and business plans	<b>complied with</b> partially complied with not complied with	
2.1.3	The board of directors determines the principles and approaches to the development of the risk management and internal control system in the company	1. The principles of and approaches to the organisation of the risk management and internal control system in the company are determined by the board of directors and stipulated in the company's internal documents, which determine the risk management and internal control policy. 2. In the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered the expediency of submitting the issue of revising the company's risk appetite for consideration by the board of directors	<b>complied with</b> partially complied with not complied with	
2.1.4	The board of directors shapes the company's policy on the payment of remunerations and (or) compensations (reimbursement) to the members of the board of directors, executive bodies or other key executives of the company	1. The company has developed, approved (by the board of directors) and implemented the policy (policies) on remunerations and compensations (reimbursement) to the members of the board of directors, executive bodies and other key executives of the company. 2. In the reporting period, the meetings of the board of directors addressed issues related to the said policy (policies)	<b>complied with</b> partially complied with not complied with	
2.1.5	The board of directors is instrumental in preventing, identifying and resolving internal conflicts between the company's bodies, its shareholders and employees	1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The company created a system for identifying transactions involving a conflict of interest and a system of measures for resolving such conflicts	<b>complied with</b> partially complied with not complied with	
2.1.6	The board of directors is instrumental in ensuring the transparency of the company, timeliness and completeness of information disclosure by the company, and easy access of shareholders to the company's documents	1. The company's internal documents define the persons responsible for implementing the information policy	<b>complied with</b> partially complied with not complied with	
2.1.7	The board of directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events	1. During the reporting period, the board of directors reviewed the results of a self-assessment and/or an external assessment of the company's corporate governance practices	<b>complied with</b> partially complied with not complied with	

<sup>1</sup> Hereinafter referred to as the nominations committee.



N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
<b>2.2 The board of directors is accountable to the company's shareholders</b>				
2.2.1	Information on the performance of the board of directors is disclosed and presented to shareholders	<ol style="list-style-type: none"> <li>The annual report of the company for the reporting period includes information on attendance of meetings of the board of directors and committees by individual directors.</li> <li>The annual report includes information on the main results of performance assessment (self-assessment) of the board of directors carried out in the reporting period</li> </ol>	<b>complied with</b> partially complied with not complied with	
2.2.2	The chair of the board of directors is available for communication with the company's shareholders	<ol style="list-style-type: none"> <li>The company has a transparent procedure in place to ensure that shareholders can send their enquires to and receive feedback from the chair of the board of directors (and, where applicable, the senior independent director)</li> </ol>	<b>complied with</b> partially complied with not complied with	
<b>2.3 The board of directors is an effective and professional governing body of the company capable of making objective independent judgments and take decisions in the interests of the company and its shareholders</b>				
2.3.1	Only persons having an impeccable business and personal reputation and the knowledge, skills and experience required for making decisions within the competence of the board of directors and for efficient performance of its functions are elected to the board of directors	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors (or the nomination committee) assessed candidates for the board of directors from the point of view of experience, knowledge, business reputation, lack of conflict of interest, etc.</li> </ol>	complied with partially complied with <b>not complied with</b>	<p>During the reporting year, the Board of Directors and its Personnel and Remuneration Committee did not conduct the assessment procedure for nominees to the Board of Directors. However, data on the education and work experience of the nominees to the Board of Directors is included in the set of pre-reading materials of general meetings of shareholders and is published on the Company's official website. In addition, a questionnaire survey is conducted for the elected members of the Board of Directors to obtain detailed information on the Board members, their education, work experience, Company's shares ownership, positions held in other organisations, etc. Based on the analysis of the personal data, the current and previous composition of the Company's Board of Directors includes persons with high professional qualifications and work experience in various industries. Non-compliance is time-limited. The Company intends to achieve the compliance with the criterion in the future.</p>
2.3.2	The members of the board of directors are elected under a transparent procedure, through which shareholders can obtain information about the candidates to the extent sufficient to form an opinion about their personal and professional qualities	<ol style="list-style-type: none"> <li>In all cases when the agenda of a general meeting of shareholders held in the reporting period included election to the board of directors, the company provided its shareholders with biographical details of all candidates for the board of directors, results of assessment of compliance of their professional qualifications, skills and experience with the current and expected needs of the company (such assessment to be carried out by the board of directors (or its nomination committee)), as well as information on whether the candidate met the criteria of independence in accordance with <a href="#">recommendations 102–107</a> of the Code and the written consent of the candidates for election to the board of directors</li> </ol>	complied with <b>partially complied with</b> not complied with	<p>In the reporting period, when holding the General Meetings of Shareholders, the agenda of which included the election of the Board of Directors, the Company did not provide the shareholders with the results of the Board assessment of the candidates' professional qualifications, experience and skills as to their compliance with the current and expected needs of the Company. To comply with this criterion, the Company intends to develop amendments to the Company's internal documents with respect to the said regulations. Non-compliance is time-limited. The Company intends to achieve the compliance with the criterion in the future.</p>
2.3.3	The composition of the Board of Directors is balanced, including in terms of its members' qualifications, experience, knowledge and business skills, and have shareholders' confidence	<ol style="list-style-type: none"> <li>During the reporting period, the board of directors analysed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the board of directors in the short and long term</li> </ol>	<b>complied with</b> partially complied with not complied with	
2.3.4	The number of members of the company's board of directors makes it possible to organise its work most effectively, including the opportunity to form board committees, as well as gives the company's substantial minority shareholders an opportunity to elect their candidate to the board of directors	<ol style="list-style-type: none"> <li>During the reporting period, the board of directors considered whether the number of the board of directors' members meets the company's needs and the interests of shareholders</li> </ol>	<b>complied with</b> partially complied with not complied with	
<b>2.4 An adequate number of independent directors sit on the board of directors</b>				
2.4.1	<p>A person shall be qualified as an independent director if he or she has sufficient professional skills, experience and independence to form his/her own opinion, is able to make objective and fair judgments independently of the executive bodies of the company, individual groups of shareholders or other stakeholders.</p> <p>It should be noted here that under normal circumstances a candidate (an elected member of the board of directors) associated with the company, its substantial shareholder, substantial counterparty, competitor or the government cannot be considered independent</p>	<ol style="list-style-type: none"> <li>In the reporting period, all independent members of the board of directors met all independence criteria specified in <a href="#">recommendations 102–107</a> of the Code or were recognised as independent by the board of directors</li> </ol>	<b>complied with</b> partially complied with not complied with	

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
2.4.2	The company assesses whether candidates for the board of directors meet the independence criteria, and a regular analysis is carried out to determine whether independent members of the board of directors meet those criteria. When carrying out such assessment, the content should prevail over the form	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors (or the nomination committee) formed an opinion on the independence of each candidate nominated to the board of directors and provided the shareholders with the relevant statement.</li> <li>During the reporting period, the board of directors (or the board of directors' nomination committee) reviewed the independence of the current board of directors' members at least once (after they were elected).</li> <li>The company has developed procedures stipulating the actions to be taken by a member of the board of directors if he or she ceases to be independent, including the obligation to inform the board of directors of the same in a timely manner</li> </ol>	complied with <b>partially complied with</b> not complied with	<p>Criteria 1 and 2 are not complied with.</p> <p>In the reporting period, the Board of Directors and the Personnel and Remuneration Committee did not carry out the assessment of each candidate and member of the Board of Directors. In the reporting year, the Company determined the independence status of the Board of Directors members by criteria specified by the Code. The Company twice a year requested information from the members of the Board of Directors as necessary and sufficient for public disclosure and clarification of their status.</p> <p>The methodology approved by the Board of Directors established an approximate list of self-assessment criteria, including the criterion concerning the independence of Directors.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future. Criterion 3 is complied with.</p>
2.4.3	Independent directors comprise at least one third of the elected members of the board of directors	<ol style="list-style-type: none"> <li>Independent directors comprise at least one third of the membership of the board of directors</li> </ol>	complied with partially complied with <b>not complied with</b>	<p>In the reporting period, the Board of Directors includes two Independent Directors, which is less than one third of Independent Directors.</p> <p>The Company has no opportunity to affect the compliance with this element of the Code.</p> <p>At the same time, the proportion of Independent Members in the Board of Directors currently meets the requirements for corporate governance of the issuer established by the Listing Rules of the Moscow Exchange.</p> <p>Non-compliance is time-limited.</p> <p>The Company plans to achieve compliance with the element of the Code in the future.</p> <p>The risks associated with incomplete implementation of the Code's recommendations are mitigated by the effective organisation of independent directors' activities in the Company.</p> <p>There is no information on the planned increase in the number of nominated independent directors, hence no increase in their number is currently foreseen.</p>
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in significant corporate actions taken by the company	<ol style="list-style-type: none"> <li>Within the reporting period, the independent directors (who had no conflict of interest) made a preliminary assessment of significant corporate actions involving potential conflict of interest and submitted the results of such assessment to the board of directors</li> </ol>	complied with <b>partially complied with</b> not complied with	<p>Partially complied with.</p> <p>Independent directors (who do not have a conflict of interest) make a preliminary assessment of material corporate actions related to a potential conflict of interest only as part of the review of materials of the Strategy Committee of the Board of Directors, and as part of the consideration of materials sent to members of the Board of Directors.</p> <p>The Company's Articles of Association do not define the very notion of material corporate actions. However, the matters specified in the Corporate Governance Code relating to material actions:</p> <ul style="list-style-type: none"> <li>reorganisation of the Company</li> <li>acquisition of 30 per cent or more of the voting shares of the Company (acquisition)</li> <li>execution of major transactions by the Company</li> <li>increase or decrease in the authorised capital of the Company</li> <li>listing and delisting of the Company's shares</li> </ul> <p>are referred to the competence of the Board of Directors or the General Meeting of Shareholders in accordance with applicable law and the Articles of Association of the Company.</p> <p>Most of these issues (except for share listings and delisting and authorised capital reductions) fall within the remit of the Strategy Committee of the Board of Directors.</p> <p>During the reporting period, the General Meeting of Shareholders of the Company decided to increase the authorised capital of the Company out of the listed material corporate actions.</p> <p>In all of these cases, the independent directors preliminarily assessed these corporate actions as part of the consideration of materials for the meeting of the Board of Directors of the Company regarding recommendations to the General Meeting of Shareholders on increasing the Company's authorised capital.</p> <p>Non-compliance is time-limited. The Company plans to include in the Articles of Association and internal documents of the Company provisions regulating legal relations related to material corporate actions taken by the Company, subject to the relevant decision of the majority shareholder.</p>
<b>2.5 The chair of the board of directors ensures that the functions assigned to the board of directors are performed as efficiently as possible</b>				
2.5.1	The board of directors is chaired by an independent director, or a senior independent director is selected from among elected independent directors to coordinate the activities of the independent directors and communicate with the chair of the board of directors	<ol style="list-style-type: none"> <li>The chair of the board of directors is an independent director or a senior independent director has been selected from among independent directors<sup>1</sup>.</li> <li>The role, rights and duties of the chair of the board of directors (and, if applicable, of the senior independent director) are properly specified in the company's internal documents</li> </ol>	complied with <b>partially complied with</b> not complied with	<p>Criterion 1 is not complied with.</p> <p>The Chair of the Board of Directors is not an Independent Director.</p> <p>The Company's Board of Directors has not selected the Senior Independent Director at the lack of initiative of the Board of Directors members concerning election of the senior independent director.</p> <p>The Company has no opportunity to affect the compliance with the criterion. Non-compliance is time-limited.</p> <p>The Company plans to achieve compliance with the element of the Code in the future.</p> <p>Criterion 2 is complied with.</p>
2.5.2	The chair of the board of directors creates a constructive atmosphere at the meetings, encourages open discussion of agenda items, and supervises the implementation of the resolutions adopted by the board of directors	<ol style="list-style-type: none"> <li>The performance of the chair of the board of directors was assessed as part of the procedure for assessment (self-assessment) of the performance of the board of directors in the reporting period</li> </ol>	complied with <b>partially complied with</b> not complied with	<p>In the reporting year, the Board of Directors conducted a self-assessment of their effectiveness as a whole. The Chair of the Board of Directors' performance was not assessed separately, but the Chair's efficient management of the Board of Directors' work was noted.</p> <p>Non-compliance is time-limited.</p> <p>The Company plans to achieve compliance with the element of the Code in the future.</p>

<sup>1</sup> It is recommended to indicate in the fifth column of the Code Compliance Report Form which of the two alternative approaches allowed by the principle is being implemented in the company and to explain the reasons for the chosen approach.



N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
2.5.3	The chair of the board of directors takes necessary measures to ensure timely provision of the members of the board of directors with information required to adopt resolutions on agenda items	1. The duty of the chair of the board of directors to take measures to ensure timely provision of the members of the board of directors with full and reliable information on agenda items of the meeting of the board of directors is stipulated in the company's internal documents	<b>complied with</b> partially complied with not complied with	
<b>2.6</b>	<b>Members of the board of directors act reasonably and in good faith in the interests of the company and its shareholders on the basis of sufficient information, exercising due diligence and care</b>			
2.6.1	In decision-making, members of the board of directors take into consideration all available information, provided that there is no conflict of interest, with equal treatment of the company's shareholders, and within the limits of common business risk	1. The company's internal documents stipulate that a member of the board of directors shall inform the board of directors if there is a conflict of interest in relation to any issue on the agenda of the meeting of the board of directors or a board committee prior to discussion of that issue. 2. The company's internal documents stipulate that a member of the board of directors shall refrain from voting on any issue in relation to which he or she has a conflict of interest. 3. The company has established a procedure which allows the board of directors to obtain professional advice on issues within its competence at the expense of the company	complied with <b>partially complied with</b> not complied with	Criterion 1 is complied with. Criterion 2 is complied with. Criterion 3 is complied with partially in terms of the members of the Board of Directors, which are also members of the Board Committees. The norm that allows to a member of the Board of Directors and its Committee to get professional advice on issues concerning his/her competence at the Company's expense is contained in the Regulations on the Committees. However, the Regulation on the Board of Directors does not provide for this procedure. The Company intends to amend the Regulation on the Board of Directors of the Company accordingly in the future. Non-compliance is time-limited.
2.6.2	The rights and responsibilities of the members of the board of directors are clearly worded and set out in the company's internal documents	1. The company has adopted and published an internal document which clearly determines the rights and responsibilities of the members of the board of directors	<b>complied with</b> partially complied with not complied with	
2.6.3	Members of the board of directors have sufficient time to perform their duties	1. Individual attendance of the meetings of the board of directors and committees, as well as sufficient time to work on the board of directors, including its committees, is analysed as part of the procedure for assessment (self-assessment) of the board of directors' performance in the reporting period. 2. In accordance with the company's internal documents, members of the board of directors shall inform the board of directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by the company), and of the fact of such an appointment	complied with <b>partially complied with</b> not complied with	Criterion 1 is complied with. Criterion 2 is not complied with. The internal documents do not stipulate that members of the board of directors shall inform the board of directors of their intention to join the governing bodies of any other organisations (apart from organisations controlled by or affiliated with the company), and of the fact of such an appointment. But in real practice, the Company: • Quarterly requests the data on held positions from the members of the governing bodies • Monitors open sources of information on joining the members of the Company's Board of Directors to the governing or control bodies of other organisations on a regular basis Non-compliance is time-limited. The Company plans to achieve compliance with the indicated recommendation of the Code in the future.
2.6.4	All members of the board of directors have equal access to the company's documents and information. Newly elected members of the board of directors are provided with sufficient information on the company and the work of the board of directors in the shortest time possible	1. In accordance with the company's internal documents, the members of the board of directors have the right to obtain information and documents necessary for the members of the board of directors to perform their duties relating to the company and its controlled entities, and the executive bodies of the company should ensure that relevant information and documents are provided. 2. The company has a formalised induction programme for newly elected members of the board of directors	<b>complied with</b> partially complied with not complied with	
<b>2.7</b>	<b>Meetings of the board of directors, preparation for them and participation of the members of the board of directors in the meetings enable efficient work of the board of directors</b>			
2.7.1	Meetings of the board of directors are held when necessary, given the scale of the company's operations and challenges facing the company at any particular time	1. The board of directors held at least six meetings in the reporting year	<b>complied with</b> partially complied with not complied with	
2.7.2	The company's internal documents set out a procedure for preparing and holding meetings of the board of directors, ensuring that the members of the board of directors are able to prepare for them properly	1. The company has approved an internal document which determines the procedure for preparing and holding meetings of the board of directors and stipulates, among other things, that notification of the meeting shall be generally given at least five days before the date of such meeting. 2. During the reporting period, the members of the board of directors who were not present at the meeting venue were given the opportunity to participate in the discussion of agenda items and vote remotely via conference calls and video conferencing	<b>complied with</b> partially complied with not complied with	
2.7.3	The format of the meeting of the board of directors depends on the importance of agenda items. The most important issues are addressed at in-person meetings	1. The company's articles of association or internal documents stipulate that the most important issues (including those listed in <a href="#">recommendation 168</a> of the Code) should be considered at in-person meetings of the board of directors	complied with <b>partially complied with</b> not complied with	The list of issues that must be considered by the Board of Directors at face-to-face meetings is set out in the Regulation on the Board of Directors and does not completely correspond to the list given in the Recommendation 168 of the Code. At the same time, according to this Regulation, the form of a meeting of the Board of Directors is determined by the Chair of the Company's Board of Directors taking into account the importance of agenda items. The Company has no opportunity to affect the compliance with the criterion. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.

N Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
2.7.4 Resolutions concerning the most important issues of the company's business are adopted at the meeting of the board of directors by a qualified majority or by a majority of votes cast by all elected members of the board of directors	1. The company's articles of association stipulate that resolutions concerning the most important issues specified in <a href="#">recommendation 170</a> of the Code shall be adopted at a meeting of the board of directors by a qualified majority comprising at least 3/4 of votes, or by a majority of votes cast by all elected members of the board of directors	complied with partially complied with <b>not complied with</b>	The Company's Articles of Associations do not stipulate that resolutions concerning the most important issues specified in recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by a qualified majority comprising at least three quarters of votes, or by a majority of votes cast by all elected members of the Board of Directors. Non-compliance is time-limited. The Company plans to achieve compliance with this recommendation of the Code in the future by submitting proposals to shareholders to amend the Company's Articles of Association accordingly. After the said amendments to the Articles of Association of the Company, the Company will fully comply with this recommendation. The risks associated with incomplete implementation of the Code's recommendations are mitigated by the traditionally high attendance of meetings by Board members and the Company's decision-making procedures: decisions made by the Board of Directors are based on the consensus of all Board members, and key decisions are preliminarily debated within the Board committees.
<b>2.8 The board of directors establishes committees for preliminary consideration of the most important issues related to the company's business</b>			
2.8.1 An audit committee consisting of independent directors has been established for preliminary consideration of any issues related to the monitoring of the company's financial and business operations	1. The board of directors has formed the audit committee, consisting of independent directors only. 2. The company's internal documents set out the duties of the audit committee, including those specified in <a href="#">recommendation 172</a> of the Code. 3. At least one member of the audit committee who is an independent director has experience in and knowledge of preparation, analysis, assessment and audit of accounting (financial) statements. 4. The meetings of the audit committee were held at least once a quarter in the reporting period	complied with <b>partially complied with</b> not complied with	Criterion 1 is not complied with. The Audit Committee has one Independent Director who is the Chair of the Committee. In the reporting year, the number of independent members of the Board of Directors was insufficient to make up the Audit Committee solely from independent directors. The Company has no opportunity to affect the compliance with the criterion. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future. Criteria 2-4 are complied with.
2.8.2 A remuneration committee consisting of independent directors and chaired by an independent director who is not the chair of the board of directors was established for preliminary consideration of any issues related to the establishment of an efficient and transparent remuneration practice	1. The board of directors has formed the remuneration committee, consisting of independent directors only. 2. The chair of the remuneration committee is an independent director who is not the chair of the board of directors 3. The company's internal documents determine the tasks of the remuneration committee, including but not limited to the tasks contained in <a href="#">recommendation 180</a> of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revision of the company's remuneration policy for the members of the board of directors, executive bodies and other key executives	complied with <b>partially complied with</b> not complied with	Criterion 1 is not complied with. The Personnel and Remuneration Committee of the Board of Directors of the Company does not currently include independent directors. Criterion 2 is partially complied with. The Chair of the Personnel and Compensation Committee of the Board of Directors of the Company is neither the Board's Chair nor an independent director. Criterion 3 is partially complied with. The Regulations on the Personnel and Remuneration Committee of the Board of Directors of the Company set out the tasks, which are partially in line with the recommendations of the Code. The Regulations do not define the conditions (events), upon the occurrence of which the Committee considers the revision of the Company's policy on remuneration of members of the Board of Directors of the Company, executive bodies and other key executives. Non-compliance is time-limited. The company plans to achieve compliance with criteria 1 and 2 in the future if the shareholders decide to do so. The Company plans to achieve compliance with criterion 3 in the future if the shareholders decide to do so.
2.8.3 A nomination (appointment, personnel) committee consisting mostly of independent directors has been established for preliminary consideration of any issues related to workforce planning (succession planning), professional composition and performance of the board of directors	1. The board of directors has established the nomination committee (or another committee performs its duties specified in <a href="#">recommendation 186</a> of the Code <sup>1</sup> ) consisting mostly of independent directors. 2. The company's internal documents set out the duties of the nomination committee (or another committee with shared functions), including those specified in <a href="#">recommendation 186</a> of the Code. 3. In the reporting period, in order to form the board of directors that best meets the company's goals and objectives, the nomination committee organized interaction with shareholders, not limited to the largest shareholders, in the context of selecting candidates to the board of directors of the company, either individually or jointly with other committees of the board of directors or the company's authorised subdivision in charge of relations with shareholders	complied with <b>partially complied with</b> not complied with	Criterion 1 is partially complied with. The Company established the Personnel and Remuneration Committee. It does not include independent directors. Criterion 2 is partially complied with. Out of the tasks specified in the recommendations of the Code, the Personnel and Remuneration Committee is responsible only for the following: • determining the criteria for selection of candidates to the Board of Directors, Management Board and the position of the sole executive body of the Company, as well as their preliminary assessment; • regular assessment of the performance of the person running the functions of the sole executive body and members of the Management Board; preparing a proposal for the Board of Directors on the possibility to reappoint the same persons. The Company has no possibility of influencing compliance with these criteria. Non-compliance is time-limited. The Company plans to achieve compliance with criteria 1 and 2 in the future if the shareholders decide to do so. Criterion 3 is not applicable in 2022 because, due to the presence of the majority shareholder with a 93.96% stake, the votes of other shareholders are insufficient to elect at least one nominee to the Board of Directors.
2.8.4 Given the scale of business and the risk level, the company's board of directors has made sure that the membership of its Committees meets all objectives of the company's operations. Additional committees have been either formed or considered unnecessary (the strategy committee, the corporate governance committee, the ethics committee, the risk management committee, the budget committee, the health, safety and environment committee, etc.)	1. In the reporting period, the company's board of directors considered whether the structure of the board of directors is appropriate to the scope, nature, business goals, needs, and risk profile of the company. Additional committees have been either formed or considered unnecessary	<b>complied with</b> partially complied with not complied with	

<sup>1</sup> If the tasks of the nominations committee are implemented within another committee, please state its name.



N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
2.8.5	The membership of committees is determined so that it would enable a comprehensive discussion of issues for preliminary consideration, taking into account different opinions	<ol style="list-style-type: none"> <li>The audit committee, remuneration committee, and nomination committee (or the relevant committee with a combined function) were chaired by independent directors in the reporting period.</li> <li>The company's internal documents (policies) contain provisions whereby persons who are not members of the audit committee, the nomination committee or the remuneration committee (or the relevant committee with a combined function) may only attend meetings of the committees by invitation of the chair of the relevant committee</li> </ol>	<p>complied with</p> <p><b>partially complied with</b></p> <p>not complied with</p>	<p>Criterion 1 is complied with as it pertains to the Audit Committee only.</p> <p>Criterion 2 is partially complied with.</p> <p>It is complied with in terms of the Audit Committee.</p> <p>Pursuant to Paragraph 10.4.25 of the Regulation on the Audit Committee of the Company's Board of Directors, the third parties can be invited by the Chair of the Committee to attend a meeting.</p> <p>The criterion is not complied with relative to the Personnel and Remuneration Committee.</p> <p>Pursuant to Paragraph 10.2.1 of the Regulation on the Personnel and Remuneration Committee, in-person meetings of the Committee can be attended by the members of the Committee, and invited persons as well.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the indicated recommendation of the Code in the future.</p>
2.8.6	The chairs of the committees regularly inform the board of directors and its chair on the performance of their committees	<ol style="list-style-type: none"> <li>In the reporting period, the chairs of the committees regularly reported to the board of directors on the performance of their committees</li> </ol>	<p><b>complied with</b></p> <p>partially complied with</p> <p>not complied with</p>	
<b>2.9</b>	<b>The board of directors arranges an assessment of the performance of the board of directors, its committees and members</b>			
2.9.1	The performance assessment of the board of directors is aimed at determining the level of efficiency the of the board of directors, its committees and members, whether their work meets the company's development needs, as well intensifying the work of the board of directors and identifying opportunities for the improvement of its performance	<ol style="list-style-type: none"> <li>The company's internal documents stipulate the procedures for assessing (self-assessing) the board of directors' performance.</li> <li>The assessment (self-assessment) of the board of directors' performance carried out in the reporting period included an assessment of the work of the committees, an individual assessment of each member of the board of directors and the board of directors as a whole.</li> <li>The results of the assessment (self-assessment) of the board of directors' performance carried out during the reporting period were reviewed at an in-person meeting of the board of directors</li> </ol>	<p>complied with</p> <p><b>partially complied with</b></p> <p>not complied with</p>	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is partially complied with. In the reporting year, the Board of Directors conducted a self-assessment of the quality of its work for the 2021–2022 corporate year, which included an assessment of the Board of Directors as a whole and of each committee; an individual assessment of each Board member was not conducted.</p> <p>Criterion 3 is partially complied with. The results of the self-assessment of the Board's quality of work carried out during the reporting period were reviewed by the Board of Directors in absentia.</p> <p>As set out in the Regulations on the Board of Directors of the Company, the form of the Board meeting shall be determined by the Chair of the Board of Directors of the Company.</p> <p>Non-compliance is time-limited.</p> <p>The Company plans to achieve compliance with this recommendation of the Code from 2023 onwards.</p>
2.9.2	The performance of the board of directors, committees and members of the board of directors is assessed on a regular basis at least once a year. An external organisation (consultant) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance	<ol style="list-style-type: none"> <li>An external organisation (consultant) was engaged to perform an independent assessment of performance of the board of directors at least once during the last three reporting periods</li> </ol>	<p>complied with</p> <p>partially complied with</p> <p><b>not complied with</b></p>	<p>The Company did not engage an external organisation (consultant) to carry out an independent assessment of the quality of work of the Board of Directors in the last three reporting periods, as the self-assessment of the quality of work of the Board of Directors for the 2021–2022 corporate year took place for the first time in 2022.</p> <p>Non-compliance is time-limited.</p> <p>The Company plans to engage an external consultant to conduct an independent assessment of the board's work quality for 2023–2024 in 2024.</p>
<b>3.1</b>	<b>The company's corporate secretary facilitates efficient ongoing communication with shareholders, coordinates the company's efforts aimed at protecting the shareholders' rights and interests and supports efficient work of the board of directors</b>			
3.1.1	The corporate secretary has knowledge, expertise and qualification sufficient for performing his or her duties; he or she should also have an excellent reputation and find shareholders' credence	<ol style="list-style-type: none"> <li>The company's website and the annual report contain biographical information on the corporate secretary (including information on age, education, qualifications, experience), as well as information on positions in management bodies of other legal entities held by the corporate secretary for at least the last five years</li> </ol>	<p><b>complied with</b></p> <p>partially complied with</p> <p>not complied with</p>	
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the necessary powers and resources to carry out his or her tasks	<ol style="list-style-type: none"> <li>The company adopted and disclosed an internal document: the regulations on the corporate secretary.</li> <li>The board of directors approves the candidate for the position of corporate secretary, terminates his/her powers and considers the payment of additional remuneration to him/her.</li> <li>The company's internal documents stipulate the corporate secretary's right to request and receive company documents and information from management bodies, subdivisions and officers of the company</li> </ol>	<p><b>complied with</b></p> <p>partially complied with</p> <p>not complied with</p>	
<b>4.1</b>	<b>The amount of remuneration paid by the company is sufficient for attracting, motivating and retaining employees who have the competence and qualification required by the company. Remuneration is paid to the members of the board of directors, executive bodies and other key executives of the company in accordance with the remuneration policy adopted by the company</b>			
4.1.1	Remuneration paid by the company to the members of the board of directors, executive bodies and other key executives is sufficient to motivate them to work efficiently, enabling the company to attract and retain competent and qualified specialists. At the same time, the company avoids paying remuneration that is larger than necessary and seeks to prevent an unreasonably large gap between the amounts of remuneration paid to the said persons and the company's employees	<ol style="list-style-type: none"> <li>Remuneration of members of the board of directors, executive bodies and other key executives of the company is determined based on the results of a comparative analysis of remuneration levels in comparable companies</li> </ol>	<p><b>complied with</b></p> <p>partially complied with</p> <p>not complied with</p>	

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
4.1.2	The company's remuneration policy was developed by the remuneration committee and approved by the board of directors. The board of directors supported by the remuneration committee monitors the adoption and implementation of the remuneration policy in the company and, if necessary, revises it and makes adjustments to it	1. During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and (or) practices of its (their) implementation, assessed their efficiency and transparency, and, if necessary, submitted respective recommendations to the board of directors for revision of the said policy (policies)	<b>complied with</b> partially complied with not complied with	
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it regulates all types of payments, benefits and privileges provided to the said persons	1. The remuneration policy (policies) of the company includes (include) transparent mechanisms for determining the amount of remuneration for the members of the board of directors, executive bodies and other key executives of the company; in addition, it (they) regulates (regulate) all types of payments, benefits and privileges provided to the said persons	<b>complied with</b> partially complied with not complied with	
4.1.4	The company formulates the policy on reimbursement of expenses (compensation), which defines the expenses to be reimbursed and the service level, which may be provided to members of the board of directors, executive bodies and other key executives of the company. This policy may constitute a part of the company's remuneration policy	1. The remuneration policy (policies) or other internal documents of the company establish the procedures for reimbursement of expenses incurred by members of the board of directors, executive bodies and other key executives of the company	<b>complied with</b> partially complied with not complied with	
<b>4.2</b>	<b>The system of remuneration for the members of the board of directors ensures that the directors' financial interests are aligned with the long-term financial interests of shareholders</b>			
4.2.1	The company pays fixed annual remuneration to the members of the board of directors. The company does not pay remuneration for participating in individual meetings of the board of directors or committees under the board of directors. The company does not offer short-term or additional financial incentives to the members of the board of directors	1. In the reporting period, the company paid remuneration to the members of the board of directors in accordance with the remuneration policy adopted by the company. 2. In the reporting period, the company did not apply any forms of short-term motivation or additional material incentives to the members of the board of directors, the payment of which depends on the results (indicators) of the company's performance. No remuneration was paid for participation in individual meetings of the board of directors or the committees under the board of directors	<b>complied with</b> partially complied with not complied with	
4.2.2	Long-term ownership of the company's shares is the most important factor, ensuring that financial interests of members of the board of directors are aligned with long-term interests of shareholders. At the same time, the company does not make the right to sell shares dependent on compliance with certain performance targets, and the members of the board of directors do not participate in stock options plans	1. If an internal document (documents), namely the company's policy (policies) on remuneration, stipulates (stipulate) that members of the board of directors are to be provided with shares, clear rules regarding the ownership of shares by the members of board of directors, which are aimed at encouraging long-term ownership of such shares, should be introduced and detailed	<b>complied with</b> partially complied with not complied with	
4.2.3	The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances	1. The company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the board of directors due to a change of control over the company or other circumstances	<b>complied with</b> partially complied with not complied with	
<b>4.3</b>	<b>The system of remuneration for members of executive bodies and other key executives of the company ensures that the remuneration is linked to the company's performance and reflects their personal contribution to such performance</b>			
4.3.1	Remuneration paid to the members of executive bodies and other key executives of the company is determined in such a way as to ensure a reasonable and justified ratio of fixed components of remuneration to its variable components, which depend on the company's performance and an employee's personal (individual) contribution to such performance	1. In the reporting period, annual performance indicators approved by the board of directors were used to determine variable components of remuneration for the members of executive bodies and other key executives of the company. 2. During the last assessment of the system of remuneration for the members of executive bodies and other key executives of the company, the board of directors (the remuneration committee) made sure that the company used an effective combination of fixed and variable components of remuneration. 3. When determining the amount of remuneration payable to the members of executive bodies and other key executives of the company, consideration is given to the risks borne by the company in order to avoid creating incentives for taking excessively risky management decisions	<b>complied with</b> partially complied with not complied with	The Company's remuneration system for Senior Managers is based on the achievement of the approved Company's performance indicators (KPIs). The list of positions included in the Senior Manager category is approved by the Board of Directors of the Company. Top managers of Rosseti Kuban include First Deputy General Director – Director of Sochi Power Grids branch of Rosseti Kuban, Deputy General Directors, Chief Accountant – Head of Accounting and Tax Accounting and Reporting Department, Branch Directors. The results of achieving the target indicators are reviewed by the Board of Directors and only after the Board of Directors has decided to approve the relevant report, remuneration may be paid in the amount in line with the results achieved. Hence, there is no possibility of receiving an unrightful remuneration.



N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
4.3.2	The company has implemented a long-term incentive plan for the members of executive bodies and other key executives involving the use of the company's shares (options or other derivatives for which the company's shares are underlying assets)	1. If the company introduced a long-term incentive programme for members of executive bodies and other key executives of the company using company shares (financial instruments based on company shares), the programme stipulates that the right to sell such shares and other financial instruments shall not arise earlier than three years after provision of the same. At the same time, the right to sell them is related to achievement of certain performance targets of the company	complied with partially complied with not complied with	The assessment of compliance with the criterion in this paragraph cannot be given, as the Company does not have a long-term incentive programme for senior managers using the Company's shares (financial instruments based on the Company's shares).
4.3.3	The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the company's initiative and in the absence of wrongdoings on their part does not exceed twice the size of the fixed component of annual remuneration	1. The amount of compensation ('golden parachute') paid by the company in the event of early dismissal of members of executive bodies or key executives on the Company's initiative and in the absence of wrongdoings on their part did not exceed twice the size of the fixed component of annual remuneration in the reporting period	<b>complied with</b> partially complied with not complied with	
<b>5.1</b>	<b>The company has in place an effective risk management and internal control system aimed at providing reasonable assurance that the company would achieve its goals</b>			
5.1.1	The board of directors established the principles of and approaches to organizing a risk management and internal control system in the company	1. Functions of the company's various governing bodies and divisions within the risk management and internal control system are clearly defined in internal documents/ the relevant policy of the company approved by the board of directors	<b>complied with</b> partially complied with not complied with	
5.1.2	The company's executive bodies ensure the creation and support of an efficient risk management and internal control system in the company	1. The company's executive bodies have ensured the distribution of duties, powers and responsibility in the sphere of risk management and internal control among heads of subdivisions and divisions accountable to them	<b>complied with</b> partially complied with not complied with	
5.1.3	The risk management and internal control system of the company gives a fair, objective and clear picture of the current situation in the company and its prospects and ensures integrity and transparency of the company's statements. It also ensures that risks taken by the company are reasonable and acceptable	1. The company has the anti-corruption policy approved. 2. The company has developed a convenient, safe and confidential method (hotline) for informing the board of directors or its audit committee about violations of the law, internal procedures or the corporate code of ethics	<b>complied with</b> partially complied with not complied with	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is in line with the principles of and approaches to its organisation formulated by the board of directors and that it functions efficiently	1. During the reporting period, the board of directors (audit committee and/ or risk committee, if any) organised an assessment of the reliability and effectiveness of the risk management and internal control system. 2. During the reporting period, the board of directors reviewed the results of the assessment of the reliability and efficiency of the company's risk management and internal control system; information on the results of the review is included in the company's annual report	<b>complied with</b> partially complied with not complied with	
<b>5.2</b>	<b>The company organises internal audit in order to make an independent and systematic assessment of the reliability and performance of the risk management and internal control system and the corporate governance practice</b>			
5.2.1	To conduct internal audit, the company has in place a separate subdivision or has engaged an independent third-party organisation. Functional accountability and administrative accountability of the internal audit subdivision are delineated. The internal audit subdivision is functionally accountable to the board of directors	1. To conduct internal audit, the company has created a separate subdivision responsible for internal audit which is functionally accountable to the Board of Directors, or an independent third-party organisation has been engaged following the same accountability principles	<b>complied with</b> partially complied with not complied with	
5.2.2	The internal audit subdivision assesses the reliability and effectiveness of the risk management and internal control systems as well as the corporate governance, and applies generally accepted internal auditing standards	1. During the reporting period, internal audit assessed the reliability and effectiveness of the risk management and internal control system. 2. In the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (along with those related to internal control and risk management) at all management levels of the company, and interaction with stakeholders as well	<b>complied with</b> partially complied with not complied with	
<b>6.1</b>	<b>The company and its operations are transparent to shareholders, investors and other stakeholders</b>			
6.1.1	The company put in place an information policy ensuring effective communication between the company, its shareholders, investors and other stakeholders	1. The board of directors approved the company's information policy, which is developed in line with the recommendations of the Code. 2. During the reporting period, the board of directors (or one of its committees) considered the efficiency of information exchange between the company, shareholders, investors and other stakeholders and the expediency (need) to revise the company's information policy	<b>complied with</b> partially complied with not complied with	

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
6.1.2	The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations of the <a href="#">Code</a>	<ol style="list-style-type: none"> <li>The company discloses information on its corporate governance system and general corporate governance principles used by it, including disclosure on the company's website.</li> <li>The company discloses information on the membership of executive bodies and the board of directors, independence of its members and their membership in the committees of the board of directors (as defined in the <a href="#">Code</a>).</li> <li>If there is an entity controlling the company, the company publishes a memorandum of this entity detailing plans of such entity concerning corporate governance in the company</li> </ol>	<b>complied with</b> partially complied with not complied with	
<b>6.2</b>	<b>The company discloses comprehensive, up-to-date and accurate information on the company in a timely manner to ensure that its shareholders and investors are able to make informed decisions</b>			
6.2.1	The company discloses information in accordance with the principles of regularity, consistency and promptness, as well as availability, accuracy, comprehensiveness and comparability of data disclosed	<ol style="list-style-type: none"> <li>The company has established a procedure that ensures coordination of work of all subdivisions and employees of the company who are related to disclosure of information or whose activities may result in the need to disclose information.</li> <li>If the company's securities are traded on foreign organised markets, the disclosure of material information in the Russian Federation and on such markets is simultaneous and equivalent during the reporting year.</li> <li>If foreign shareholders own a considerable number of shares in the company, information was disclosed not only in Russian but also in one of the prevailing foreign languages during the reporting year</li> </ol>	<b>complied with</b> partially complied with not complied with	Criterion 1 is complied with. Criteria 2 and 3 are not applicable to the Company.
6.2.2	The company avoids using a formal approach to information disclosure and discloses material information on its operations even if the law does not require disclosing such information	<ol style="list-style-type: none"> <li>The company's information policy defines approaches to disclosure of information on other events (actions) which have a material effect on the value or quotation of its securities, disclosure of which is not required by law.</li> <li>The company discloses information on its capital structure in the annual report and on its website, in accordance with <a href="#">Recommendation 290</a> of the Code.</li> <li>The company shall disclose information on controlled entities that are material to the company, including key areas of their activities, mechanisms for ensuring accountability of controlled entities, the authority of the company's board of directors to determine strategy and assess performance of controlled entities</li> </ol>	<b>complied with</b> <b>partially complied with</b> not complied with	Criteria 1 and 2 are complied with. Criterion 3 is not applicable to the Company due to the absence of subsidiaries and affiliates that are significant to the Company. Criterion 4 is not complied with due to the absence of statutory requirements. The Annual Report for 2022 contains non-financial information as prescribed by the Recommendations on Disclosure by Public Joint Stock Companies of Non-Financial Information Related to Activities of Such Companies issued by the letter of the Bank of Russia No. IN-06-28/49 dated 12 July 2021. Non-compliance is time-limited. The Company plans to achieve compliance with the elements of the Code in the future.
6.2.3	Being one of the most important means of communication with shareholders and other stakeholders, the annual report contains information enabling an assessment of the company's performance during the year	<ol style="list-style-type: none"> <li>The company discloses non-financial reports – a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including factors related to the environment (inter alia, environmental and climate change-related factors), society (social factors) and corporate governance, except for the report of the issuer of equity securities and the annual report of a joint stock company</li> </ol>	<b>complied with</b> partially complied with not complied with	
<b>6.3</b>	<b>The company provides equal and easy access to information and documents at the shareholders' request</b>			
6.3.1	Shareholders can exercise their right of access to company documents and information without unnecessary difficulties	<ol style="list-style-type: none"> <li>The company's information policy (internal documents defining the information policy) defines a non-onerous procedure for providing access to the company's information and documents upon shareholders' requests.</li> <li>The information policy (internal documents defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company</li> </ol>	<b>complied with</b> partially complied with not complied with	
6.3.2	When the company provides information to shareholders, a reasonable balance is maintained between the interests of individual shareholders and those of the company, as the company is interested in maintaining confidentiality of important commercial information which may have a material effect on its competitiveness	<ol style="list-style-type: none"> <li>In the reporting period, the company did not reject shareholders' requests for information, or, if it did, it gave reasons for the refusal to provide information.</li> <li>In the cases stipulated by the company's information policy, shareholders are informed that the information is confidential and undertake to keep it confidential</li> </ol>	<b>complied with</b> partially complied with not complied with	

N	Corporate governance principles	Criteria for assessing compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviations from the criteria for assessing compliance with the principle of corporate governance
7.1	<p><b>Actions that have or may have a substantial impact on the company's authorised capital structure and financial position and, accordingly, on the shareholders' position (significant corporate actions) are taken on equitable terms safeguarding the rights and interests of the shareholders and other stakeholders</b></p>			
7.1.1	<p>Significant corporate actions include reorganisation of the company, purchase of 30 or more percent of the company's voting shares (acquisition), making major transactions, an increase or reduction of the authorised capital of the company, listing and delisting of the company's shares, as well as other actions that may result in a significant change of shareholders' rights or infringement of their interests. The company's articles of association provides a list (criteria) of transactions or other actions constituting significant corporate actions, and such actions fall within the competence of the company's board of directors</p>	<p>1. The company's articles of association define a list (criteria) of transactions or other actions that constitute significant corporate actions. Making decisions about significant corporate actions is within the competence of the board of directors, according to the company's articles of association. In cases when the legislation specifically states that the exercise of corporate actions falls within the competence of the general meeting of shareholders, the board of directors provides the shareholders with the relevant recommendations</p>	<p>complied with <b>partially complied with</b> not complied with</p>	<p>The Company's Articles of Associations does not provide a list of transactions or other actions constituting significant corporate actions and establishes criteria for their definition. However, decision-making on matters relating to material actions referred to in recommendation 303 of the Code (e.g., reorganisation of the Company, increase/decrease in the authorised capital of the Company, decision-making on the participation of the Company in other organisations, decision-making on applying for delisting of the Company's shares and (or) equity securities convertible into its shares, decision-making on consent or subsequent approval of major transactions, approval of other transactions of the Company and its controlled entities) in accordance with the current legislation and the Articles of Association of the Company are the competence of the Board of Directors or the General Meeting of Shareholders. When any matters, including significant corporate actions, are put to shareholders at a shareholders' meeting, the Board of Directors will make recommendations to shareholders accordingly. The Company plans to include provisions in the Articles of Association and internal documents of the Company regulating in detail the procedure for taking significant corporate actions by the Company.</p>
7.1.2	<p>The board of directors plays a key role in making decisions or recommendations with regard to significant corporate actions; the board of directors relies on the opinion of independent directors of the company</p>	<p>1. The company has established a procedure whereby independent directors express their opinions on significant corporate actions before those actions are approved</p>	<p>complied with partially complied with <b>not complied with</b></p>	<p>This procedure is not set out in the internal documents of the Company. The Company plans to include provisions in the Articles of Association and internal documents of the Company regulating the possibility for Independent Directors to state their position on significant corporate actions prior to approval of the same. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p>
7.1.3	<p>When making significant corporate actions affecting the rights and legitimate interests of shareholders, equal conditions are provided for all shareholders of the company, and in case of insufficiency of statutory mechanisms aimed at the protection of shareholders, additional measures are taken to protect the rights and legitimate interests of shareholders of the company. At the same time, the company is guided not only by compliance with the formal requirements of the law but also by the corporate governance principles set out in the <a href="#">Code</a></p>	<p>1. The company's articles of association, taking into account the peculiarities of the company's operations, stipulate that the competence of the board of directors shall include approval of other transactions that are significant to the company, in addition to those provided for by law. 2. During the reporting period, all significant corporate actions were approved prior to their implementation</p>	<p><b>complied with</b> partially complied with not complied with</p>	
7.2	<p><b>The company ensures that significant corporate actions are taken in a manner that enables the shareholders to receive full information on such actions, provides them with an opportunity to influence such actions and guarantees that their rights are observed and properly protected when such actions are taken</b></p>			
7.2.1	<p>Information on significant corporate actions is disclosed, and an explanation of the reasons, conditions and consequences of such actions is provided</p>	<p>1. If the company performed significant corporate actions during the reporting period, the company disclosed information on such actions to shareholders in a timely and detailed manner, including disclosing the reasons, conditions and consequences of such actions</p>	<p><b>complied with</b> partially complied with not complied with</p>	
7.2.2	<p>The rules and procedures for the implementation of significant corporate actions are set forth in the company's internal documents</p>	<p>1. The company's internal documents determine the cases and procedure for engaging an appraiser to determine the value of property to be alienated or acquired under a major transaction or an interested-party transaction. 2. The company's internal documents establish the procedure for engaging an appraiser to carry out an assessment of the company's shares, for the purposes of purchase or buyback. 3. If there is no formal interest of a member of the board of directors, the sole executive body, member of the collegial executive body of the company or an entity being a controlling entity of the company or an entity entitled to give instructions binding on the company in transactions of the company, but if there is a conflict of interest or other actual interest, the internal documents of the company provide that such entities shall not participate in voting on approval of such transaction</p>	<p>complied with <b>partially complied with</b> not complied with</p>	<p>Criterion 1 is complied with. Criterion 2 is complied with. Criterion 3 is not complied with. The company will consider a possibility of corresponding changes development in case of necessity. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future. If there is no formal interest of a member of the Board of Directors, the sole executive body, member of the collegial executive body of the Company or an entity being a controlling entity of the Company or an entity entitled to give instructions binding on the Company in transactions of the Company, but if there is a conflict of interest or other actual interest, the internal documents of the Company do not prohibit for such entities to participate in voting on approval of such transaction. Given the nature of the activities of Rosseti Group, which includes the Company, transactions with legal entities controlled by Rosseti Kuban, PJSC, as well as with the Company's controlling entity (Rosseti, PJSC) and other entities controlled by Rosseti, PJSC, are interested-party transactions. Legislation is currently moving towards simplifying the procedure for companies to enter into interested-party transactions, as well as reducing the overall number of transactions recognized as interested-party transactions. Thus, Federal Law No. 343-FZ dated 3 July 2016 introduced since 1 January 2017 a new procedure for interested-party transactions through notification of members of management bodies, and also expanded the list of transactions that are not recognised as interested-party transactions, including those with a price threshold, until which transactions can be concluded without the corporate actions provided for in Chapter XI of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies. In the Company's opinion, the formal interest criteria established by the Federal Law On Joint Stock Companies and, accordingly, the related cases of non-participation in voting on the approval of transactions are sufficient to ensure optimal protection of the rights and interests of shareholders and investors. Stipulation in the internal documents of cases when members of the Board of Directors of the Company and other persons do not participate in voting on approval of a transaction in the absence of formal interest, but in the presence of a conflict of interest or other actual interest, could make it difficult for the Company to operate due to the increased number of transactions recognized as interested-party transactions. In addition, in view of the current lack of relevant guidance and/or explanations from the regulator, it is difficult to determine cases of actual interest other than those provided for in the Federal Law on Joint Stock Companies.</p>



# APPENDIX NO. 2

Approved  
by resolution of the Board of Directors  
of Rosseti Kuban, PJSC  
11 May 2023  
(Minutes No. 519/2023 dated 12 May 2023)

Data were validated  
by resolution of the Auditing Commission  
Rosseti Kuban, PJSC  
dated 28 April 2023  
(Minutes No. 3 dated 28 April 2023)

Acting General Director  
Rosseti Kuban, PJSC  
B. Ebzeev

Krasnodar  
2023

## REPORT ON TRANSACTIONS MADE BY ROSSETI KUBAN, PJSC IN 2022 INTERESTED-PARTY TRANSACTIONS

S. No.	Transaction	Date of transaction	Material conditions of the transaction (parties, subject, price <sup>1</sup> , period of validity)	Person(s) who is/are interested in the transaction and the basis on which the person is considered to be interested in the transaction	Interested-party transaction notification (letter details)	Authority that made the decision on the authorisation of the transaction or its succeeding approval (if available – Minutes details)
1	2	3	4	5	6	7
1	Service Agreement for organising the functioning and development of the electricity grid complex No. 6717/407/30-732	20.06.2022	<p>Parties to the Agreement: Rosseti Kuban, PJSC (Customer) Rosseti, PJSC (Contractor)</p> <p>Subject of the Agreement: The Contractor undertakes to provide a service to the Customer to organise the functioning and development of the Customer's power grid complex (hereinafter referred to as the Service) in accordance with the terms and conditions of the Agreement, and the Customer undertakes to accept and pay for the Service in accordance with the terms and conditions of the Agreement.</p> <p>Agreement price: The stipulated Price of the Service for 2022 shall not exceed RUB 104,437,285 (one hundred and four million four hundred thirty seven thousand two hundred and eighty-five roubles) 96 kopecks, plus RUB 20,887,457 (twenty million eight hundred and eighty seven thousand four hundred and fifty-seven roubles) 19 kopecks, the total Price of the Service shall not exceed RUB 125,324,743 (one hundred and twenty five million three hundred and twenty four thousand seven hundred and forty-three roubles) 15 kopecks.</p> <p>The term for the provision of the Service under the Agreement Start of the Service: 01.01.2022. End of the Service: 31.12.2022. Contract validity: The Agreement shall come into force as of its signing by the Parties and shall remain in force until 31 December 2022 and, with regard to settlements, until the Parties have performed their obligations in full. The Agreement shall apply to legal relations between the Parties arising from 1 January 2022</p>	Rosseti, PJSC – a controlling entity of Rosseti Kuban, PJSC and simultaneously a party to the transaction	dated 08.04.2022 No. RC/1200/87-ref	The issue of consent to enter into a transaction planned to be concluded on the terms specified in the Notice was not brought before the Board of Directors of the Company due to the fact that the Company had not received a claim to that effect
2	Supplementary Agreement No. 2 to Loan Agreement No. 5781 dated 30 June 2020 <sup>2</sup>	12.07.2022	<p>Parties to the Supplementary Agreement: Rosseti, PJSC (the Lender) Rosseti Kuban, PJSC (Borrower)</p> <p>Subject and price of the supplementary agreement: Making the following amendments to Loan Agreement No. 5781 dated 30 June 2020 between Rosseti Kuban, PJSC and Rosseti, PJSC (hereinafter the Agreement):</p> <ol style="list-style-type: none"> <li>Given the high volatility of financial market indicators (including the Bank of Russia Key Rate, MosPrime Rate Indicator, etc.), to recognise it appropriate to change the interest rate under the Agreement to the weighted average interest rate on the Borrower's debt portfolio as of 1 February 2022.</li> <li>The parties agreed: <ol style="list-style-type: none"> <li>Reword paragraph 6.1 of the Agreement as follows: "6.1. From the time the Borrower receives the money from the Lender until the Borrower fulfils its obligations under the Agreement, interest shall accrue on the amount of the Tranches issued, at a rate to be determined subject to the following conditions: 6.1.1 For Tranches granted until 31 March 2022, the interest rate shall be set based on the Borrower's Application agreed upon with the Lender, and as of the Tranche granting date shall not exceed the Bank of Russia Key Rate + 2% per annum. 6.1.2 For Tranches granted after 31 March 2022, the interest rate is 9.73% per annum".</li> <li>To set out the Loan Application dated 23 December 2021 w/o No. to the Agreement in the format of an annex to the Supplementary Agreement.</li> </ol> </li> <li>The price of the Agreement including Supplementary Agreements 1 and 2 shall consist of the amount of money lent to the Borrower by the Lender within the aggregate loan limit in an amount not exceeding RUB 5,400,000,000 (five billion four hundred million roubles) 00 kopecks and the amount of interest accrued at the rate of interest.</li> </ol> <p>Duration of the Supplementary Agreement: The Supplementary Agreement shall form an integral part of the Agreement and shall enter into force on the date it is signed by the Parties. Significant terms and conditions of Loan Agreement No. 5781 dated 30 June 2020 (Supplementary Agreement No. 1 did not affect the significant terms and conditions of the Loan Agreement)</p> <p>Parties to the Loan Agreement: Rosseti, PJSC (the Lender) Rosseti Kuban, PJSC (Borrower)</p>	<ul style="list-style-type: none"> <li>Rosseti, PJSC is the controlling party of Rosseti Kuban, PJSC and is also a party to the transaction; Rosseti's interest in the authorised capital (ownership interest) of Rosseti Kuban is 93.69% as of the date of the transaction</li> <li>Daniil Krainskiy is a member of the Board of Directors of Rosseti Kuban, PJSC, simultaneously being a member of the Management Board of Rosseti, PJSC; Mr. Krainskiy holds: 0.00% in the authorised capital (percentage of shares held) of Rosseti, PJSC as of the date of the transaction, and 0.00% in the authorised capital (percentage of shares held) of Rosseti Kuban, PJSC as of the date of the transaction</li> <li>Alexey Molsky, a member of the Board of Directors of Rosseti Kuban, PJSC, simultaneously being a member of the Management Board of Rosseti, PJSC; Mr. Molsky holds: 0.00% in the authorised capital (interest held by shares) of Rosseti, PJSC as of the date of the transaction, 0.00% in the authorised capital (interest held by shares) of Rosseti Kuban, PJSC as of the date of the transaction</li> <li>Alexey Polinov is a member of the Board of Directors of Rosseti Kuban, PJSC, simultaneously being a member of the Management Board of Rosseti, PJSC; Mr. Polinov holds: 0.00% in the authorised capital (percentage of shares held) of Rosseti, PJSC as of the date of the transaction, and 0.00% in the authorised capital (percentage of shares held) of Rosseti Kuban, PJSC as of the date of the transaction</li> </ul>	dated 21.06.2022 No. RK/001/189-rs	Board of Directors of Rosseti Kuban, PJSC (Minutes No. 482/2022 dated 29 June 2022)

<sup>1</sup> The price of property or services to be alienated or acquired is determined by the Company's Board of Directors on the basis of market value, in accordance with Article 77 of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies.

<sup>2</sup> Due to the fact that the transaction price is more than two percent of assets according to the consolidated financial statements of Rosseti Kuban, PJSC as of the last reporting date (the end date of the last completed reporting period preceding the transaction date) – 31 March 2022, information on the transaction shall be disclosed to the extent provided for in clause 59.3., Chapter VIII of Bank of Russia Regulation No. 714-P dated 27 March 2020 "On Disclosure of Information by Issuers of Equity Securities" as amended by Bank of Russia Regulation No. 6283-U dated 30 September 2022 "On Amendments to Bank of Russia Regulation No. 714-P dated 27 March 2020 "On Disclosure of Information by Issuers of Equity Securities".

S. No.	Transaction	Date of transaction	Material conditions of the transaction (parties, subject, price, period of validity)	Person(s) who is/are interested in the transaction and the basis on which the person is considered to be interested in the transaction	Interested-party transaction notification (letter details)	Authority that made the decision on the authorisation of the transaction or its succeeding approval (if available – Minutes details)
			<p>Subject of the Loan Agreement: The Lender shall lend the Borrower money within the Aggregate Loan Limit and the Borrower is obliged to repay the Lender the money received and, in addition, to pay the Lender the interest for the use of the money provided for in the Loan Agreement. The Aggregate Loan Limit is the maximum lump amount owed by the Borrower under the Loan Agreement. A tranche is money provided by the Lender to the Borrower on the terms and conditions set out in the Application. An Application is an application for the use of a loan sent by the Borrower to the Lender to receive the Tranche in accordance with the conditions and terms of the Loan Agreement. The application is drawn up by the Borrower in the form specified in the Loan Agreement. Lending purpose: working capital replenishment, financing of investment activities, refinancing of the Borrower's debt portfolio and for other purposes as agreed with the Lender. Aggregate Loan Limit: RUB 5,400,000,000 (five billion four hundred million roubles) 00 kopecks. Type of loan: interest-bearing loan. Interest rate: Interest shall be charged on the amount of the Tranches issued from the time the Borrower receives the funds from the Lender until the Borrower fulfils its obligations under the Loan Agreement. On the basis of the Borrower's Application agreed with the Lender, the interest rate shall be set at the time the Tranche is granted in an amount determined subject to the following conditions being met simultaneously:</p> <ul style="list-style-type: none"> <li>• The interest rate shall not exceed the Key rate of the Bank of Russia, i.e., + 2% per annum.</li> <li>• The interest rate may not be less than the interest rate available to the Lender for depositing funds for a comparable period in deposit accounts with credit institutions.</li> </ul> <p>Interest payment scheme: The scheme for paying interest is determined in the Borrower's Application. Loan payment term The final repayment term under the Loan Agreement and under each of the Tranches shall be no later than 5 years from the date of the Loan Agreement. The term of each Tranche under the Loan Agreement shall be determined at the time the Tranche is granted based on the Borrower's Application as agreed with the Lender, but may not exceed three (3) years from the date of granting the Tranche and may not exceed the term of the Loan Agreement. Price of the Loan Agreement: The price of the Agreement including Supplementary Agreements 1 and 2 shall consist of the amount of money lent to the Borrower by the Lender within the Aggregate Loan Limit in an amount not exceeding RUB 5,400,000,000 (five billion four hundred million roubles) 00 kopecks and the amount of interest accrued at the rate of interest. Other significant conditions of the Agreement/the procedure for their determination: Procedure for granting funds: Funds are provided by one or several Tranches, without limitation. The total amount of debt by the Tranches (excluding the debt on accrued interest) under the Agreement shall not exceed the Aggregate Debt Limit. Additional conditions: The Lender has a right to unilaterally change the interest rate for the use of borrowed funds for all and/or individual existing and/or newly granted Tranches, including due to the change in market conditions and/or the funding conditions of the Lender and/or the change in the creditworthiness of the Borrower. The Lender has the right to refuse to grant the Tranche. The Lender has the right to demand from the Borrower an early full or partial return of the Tranches and payment of accrued interest and penalties if the Borrower violates the terms of the Loan Agreement or the Tranche. The Borrower undertakes, upon receipt of the Lender's claim for early repayment of the Tranches, to repay the outstanding Tranches and to pay the interest and penalties charged on the date of repayment within the period specified in the claim. The Borrower shall have the right, upon agreement with the Lender, to repay all or certain of the outstanding Tranches and the interest on the use of the borrowed funds before maturity, subject to the conditions for early repayment of the debt as laid down in the Agreement. When repaying the loan, the interest shall be repaid first and then the amount of the Tranche, unless otherwise agreed by the Parties. Validity period of the Loan Agreement: The Contract shall come into force upon signature and shall remain in force until the parties have fully performed their obligations under the Agreement</p>			



S. No.	Transaction	Date of transaction	Material conditions of the transaction (parties, subject, price, period of validity)	Person(s) who is/are interested in the transaction and the basis on which the person is considered to be interested in the transaction	Interested-party transaction notification (letter details)	Authority that made the decision on the authorisation of the transaction or its succeeding approval (if available – Minutes details)
3	Service Agreement No. UVV-09-1969-22/407/30-1407	05.10.2022	<p>Parties to the Agreement: Rosseti Kuban, PJSC (Customer) Rosseti Digital, JSC (Contractor)</p> <p>Subject of the Agreement: The Customer shall entrust and pay, and the Contractor shall undertake to provide services for the maintenance and upgrading of the automated production asset management system based on 1C: Energy software (hereinafter referred to as the services) in the scope and manner specified in the Agreement. The scope of the Services and the service requirements are defined in the Agreement.</p> <p>Agreement price: The total price of services under the Agreement is not more than RUB 54 000 000 (fifty-four million roubles) 00 kopecks including 20% VAT of not more than RUB 9,000,000 (nine million roubles) 00 kopecks.</p> <p>Term of service under the Agreement: The services shall be provided by the Contractor for a period of thirty-six (36) months from the receipt of the written request from the Customer.</p> <p>Contract validity: The Agreement shall come into force on the date of its signing and shall remain in force until the parties have fulfilled all their obligations under the Agreement</p>	<ul style="list-style-type: none"> <li>Rosseti, PJSC is the controlling party of Rosseti Kuban, PJSC and Rosseti Digital, JSC, which are parties to the transaction</li> <li>Madina Kaloeva, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC</li> <li>Konstantin Kravchenko, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors and acting General Director of Rosseti Digital, PJSC</li> <li>Daniil Krainskiy, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC</li> <li>Alexey Molsky, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC</li> <li>Alexey Polinov, a member of the Board of Directors of Rosseti Kuban, PJSC, who is also a member of the Board of Directors of Rosseti Digital, PJSC</li> </ul>	dated 15.09.2022 No. RC/1200/247-ref	The issue of consent to enter into a transaction planned to be concluded on the terms specified in the Notice was not brought before the Board of Directors of the Company due to the fact that the Company had not received a claim to that effect

# APPENDIX NO. 3

## INFORMATION ON NON-CORE ASSETS OF ROSSETI KUBAN, PJSC

## PARTICIPATION OF ROSSETI KUBAN, PJSC IN COMMERCIAL AND NON- COMMERCIAL ORGANISATIONS

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## NON-CORE ASSET REGISTER OF THE COMPANY

Pursuant to the Presidential Decree No. 596 dated 7 May 2012, the Russian Government Directives No. 4863p-P13 dated 7 July 2016, and Russian Government Directive No. 894-r dated 10 May 2017, a new version of the Non-Core Asset Disposal Programme for Rosseti Kuban, PJSC (hereinafter – the Programme) was approved by the Board of Directors on 27 December 2021 (Minutes No. 460/2021 dated 28 December 2021).

The Programme specifies basic approaches, principles and procedures of non-core asset identification and sale, sets up criteria for attributing assets to non-core ones, the procedure of the Non-Core Asset Register keeping, approaches to non-core asset evaluation, main provisions on non-core asset disposition, as well as the procedure of reporting on implementing the Non-Core Asset Register.

By the decision of the Company's Board of Directors dated 27 March 2023 (Minutes No. 514/2023 dated 28 March 2023), the actual Register of non-core assets formed in accordance with the requirements of the Programme was approved.

In 2022, two non-core assets are sold.

Sl.No.	Asset	Asset number	The accounting line where the asset was recorded at the balance sheet date prior to the disposal of the asset	Ledgers (analytics included) containing income and expenditure from asset disposal (91.1. 91.2)	Carrying amount of an asset, RUB '000	Effective realisable value, RUB '000	Deviation of effective realisable value from carrying amount, RUB '000	Reasons for the deviation of effective realisable value from carrying amount of an asset
1	Office building, lit. A, with toilet facilities	297, 299	1152	91.02.1	1,566.00	1,689.295	123.295	The agreement was concluded with the only bidder at the starting price of the failed auction
2	Transformer substation building, lit.I	523	1152	91.02.1	1,235.57	2,068.805	833.235	The agreement was concluded with the only bidder at the starting price of the failed auction
<b>Total</b>					<b>2,801.57</b>	<b>3,758.1</b>	<b>956.53</b>	

## PARTICIPATION OF ROSSETI KUBAN IN COMMERCIAL ORGANISATIONS

As of 31 December 2022, Rosseti Kuban owned stakes in four joint stock companies, including two subsidiaries.

### INFORMATION ON PARTICIPATION IN SUBSIDIARIES, AFFILIATES AND OTHER BUSINESS ENTITIES (COMMERCIAL ORGANISATIONS) IN 2022

Abbreviated Brand Name of the Company	Region of operations	Core type of operations	Purpose of participation	Rosseti Kuban's share in the authorised capital of the Company as at 31 December 2022 (%)	Financial indicators for 2022		Dividends received in the reporting year on shares held by the Company
					Revenue RUB '000	Net profit RUB '000	
1	2	3	4	5	6	7	8
<b>Core companies</b>							
Energoservice Kuban, JSC	Krasnodar Territory	Design, installation and commissioning of metering units for electricity, gas and process equipment, hot and cold water supply	Ownership of shares	100	2,035,829	7,886	0
<b>Non-core companies</b>							
Energetik Health Resort, JSC	Krasnodar Territory	Organisation of recreation and health improvement for children and adults, primarily employees of Rosseti Kuban, PJSC and their families; organisation and holding of seminars and conferences	Ownership of shares	100	91,458	2,220	0
Turbogaz, CJSC	Krasnodar Territory	Development of energy saving technologies; manufacturing, operation, maintenance and repair of power plants; production and sale of electricity	Ownership of shares	4	0	0	0
RITEK-SOYUZ, JSC (The legal entity is declared insolvent (bankrupt) and insolvency proceedings have been instituted)	Krasnodar Territory	Organisation, implementation and support of research and development, engineering, construction and installation and commissioning works; monitoring and controlling	Ownership of shares	1	0	0	0

Blocks of shares of the above joint stock companies are included in the non-core asset register.

The disposal method for blocks of shares is "retention of interest". The method of disposal is established prior to making a separate systemic decision regarding these assets.

The size of the stake in the voting shares of Turbogaz, CJSC and RITEK-SOYUZ, CJSC

owned by the Company does not allow it to independently make decisions on the functioning of these commercial organisations, including determining the composition of their management and control bodies.

Interaction of Rosseti Kuban, PJSC with subsidiaries is based on the requirements of the legislation of the Russian Federation, articles of association and internal documents of the Company and its subsidiaries, including

the procedure for interaction of the Company with business entities, shares (interests) in which the Company holds, approved by the Board of Directors of the Company (Minutes No. 69/2009 dated 27 March 2009).



**The main objectives of the Company's interaction with subsidiaries:**

- Stable financial development and profitability of subsidiaries
- Protection of the rights and interests of shareholders of the Company and subsidiaries
- Higher investment attractiveness of the Company and subsidiaries by providing the investment community with complete, timely, reliable information about the activities of subsidiaries, as well as the balance and predictability of corporate policy in general
- Development and implementation of a coordinated and effective investment policy of subsidiaries

**Subsidiaries are managed and controlled by the Company through the following corporate governance mechanisms:**

- In accordance with the Articles of Association of Rosseti Kuban, PJSC, the functions of general meetings of shareholders of 100% subsidiaries are performed by the Management Board of the Company
- Overall management of subsidiaries is carried out by their Boards of Directors, the majority of whose members are representatives of Rosseti Kuban, PJSC
- Position of Rosseti Kuban, PJSC on the main issues of the agenda of General Meetings of Shareholders and meetings of the Boards of Directors of subsidiaries is determined by the Board of Directors of the Company

- Financial and economic activities of subsidiaries are regularly controlled by their Auditing Commissions, consisting of representatives of Rosseti Kuban

The operational management of each subsidiary is within the remit of the sole executive body – the Director General. The Articles of Association of subsidiaries do not include language allowing for collective executive bodies (Management Boards).

[Detailed information on S&A of Rosseti Kuban, PJSC is published on the Company's website in the About the Company / Subsidiary Companies section.](#)

**DATA ON ACTIVITIES OF ENERGETIK HEALTH RESORT, JSC IN THE REPORTING YEAR****DYNAMICS OF FINANCIAL AND ECONOMIC INDICATORS OF ENERGETIK, JSC FOR 2020–2022**

Sl.No.	Name	2022	2021 <sup>1</sup>	2020
1	Revenue, RUB '000	91,458	88,411	41,013
2	Gross profit, RUB '000	4,069	–651	–7,924
3	Net profit (retained profit / uncovered loss), RUB '000	2,220	2,968	–6,771
4	Return on equity (ROE) <sup>2</sup> , %	5.84	9.18	–21.70
5	Return on total assets (ROTA) for profit before tax <sup>3</sup> , %	6.3	6.6	–24.1
6	Net profitability index, %	2.4	3.4	–16.5
7	Product (sales) profitability, %	4.4	–0.7	–19.3
8	Amount of uncovered loss as of the reporting date, RUB '000	–	–	7,368
9	Ratio of uncovered loss as at the reporting date and balance sheet currency, %	–	–	21.5

**Information on material transactions made by Energetik Health Resort, JSC in 2022**

In 2022, Energetik Health Resort, JSC did not conclude any transactions outside the ordinary course of business that would be recognised as major transactions under the applicable laws of the Russian Federation.

Energetik, JSC did not enter into any transactions recognised as related-party transactions in accordance with the applicable laws of the Russian Federation, which require approval by the Company's management bodies.

According to clause 2.11, article 2 of the Articles of Association of Energetik, JSC, the provisions of chapter XI of the Federal Law on joint stock

companies shall not apply to transactions profitable for this company and concluded with legal entities directly or indirectly controlled by Rosseti, PJSC.

No sale and purchase agreements for shares, participatory interest, shares in economic partnerships and companies were concluded by Energetik, JSC in the reporting year.

In the reporting year, a transaction for the sale and purchase of property of Energetik, JSC was concluded, preliminarily approved by the decision of the Board of Directors of Energetik, JSC (Minutes No. 118/2022 dated 23 March 2022), on the following material terms and conditions:

- Parties to the transaction:
- Energetik Health Resort, JSC (Seller)
  - Individuals (Buyers)

Subject of the transaction:  
Purchase and sale of a non-residential building with extensions (clubhouse) with a total area of 598.1 m<sup>2</sup>.

The price of the property to be alienated and the procedure for paying for it: RUB 830.4 thousand, including VAT. The funds in this amount shall be transferred by the Buyers to the Seller's current account in a lump sum within three working days after the documents for the state registration of the transfer of ownership rights to the Buyers are submitted.

The procedure for the transfer of property:  
The Seller undertakes to vacate and hand over the property to the Buyers on the day the sale and purchase agreement is signed. Ownership of the property is transferred in accordance with the procedure established by the legislation of the Russian Federation.

No legal entities controlled by Energetik Health Resort, JSC, which are material for the activities of Energetik Health Resort, JSC, were established in 2022.

**DATA ON ACTIVITIES OF ENERGOSERVICE KUBAN, JSC IN THE REPORTING YEAR****DYNAMICS OF FINANCIAL AND ECONOMIC INDICATORS OF ENERGOSERVICE KUBAN, JSC FOR 2020–2022**

Sl.No.	Name	2022	2021 <sup>4</sup>	2020
1	Revenue, RUB '000	2,035,829	1,738,640	993,507
2	Gross profit, RUB '000	143,960	145,853	155,021
3	Net profit (retained profit / uncovered loss), RUB '000	7,886	877	79,578
4	Return on equity (ROE) <sup>5</sup> , %	10.9	1.1	145.4
5	Return on total assets (ROTA) for profit before tax <sup>6</sup> , %	1.1	1.5	44.9
6	Net profitability index, %	0.4	0.1	8.0
7	Product (sales) profitability, %	1.7	3.0	10.3
8	Amount of uncovered loss as of the reporting date, RUB '000	–	–	–
9	Ratio of uncovered loss as at the reporting date and balance sheet currency, %	–	–	–

**Information on material transactions made by Energoservice Kuban, JSC in 2022**

In 2022, Energoservice Kuban, JSC entered into one (1) interrelated major transaction – bank guarantee agreement with Sberbank, PJSC, approved by resolution of the Management Board of Rosseti Kuban, PJSC acting as the General Meeting of Shareholders of Energoservice Kuban, JSC (Minutes No. 32/2022 dated 29 September 2022) on the following material terms and conditions.

- Parties to the Agreement:
- Energoservice Kuban, JSC — the Principal
  - Sberbank, PJSC — the Guarantor

Subject of the Agreement:  
The Guarantor undertakes to provide an agreement/contract performance guarantee; advance payment guarantee; tender guarantee; quality guarantee, including in accordance with the requirements of Federal Law No. 44-FZ dated 5 April 2013 "On Contractual System in Procurement of Goods, Works, Services for State and Municipal Needs", in accordance with the requirements of Federal Law No. 223-FZ

dated 18 July 2011 "On Procurement of Goods, Works, Services by Certain Types of Legal Entities".

During the term of the Agreement, the total amount of the simultaneously valid Guarantees (hereinafter – the Limit) may not exceed RUB 30,000,000 (thirty million roubles).

The validity of the Limit is from the date of the Agreement until 28 March 2025.

Beneficiaries are legal entities resident in the Russian Federation, other than banks.

<sup>1</sup> The figures for 2021 are based on the balance sheet for 2022 (As at 31 December 2021 column), the income statement for January–December 2022 (For January–December 2021 column).

<sup>2</sup> Return on Equity (ROE) was calculated according to the following methodology:  
Return on equity (ROE) = Net profit / Avg. equity value x 100%.

<sup>3</sup> Indicator of "Return on total assets (ROTA) for profit before tax" are calculated in accordance with the following methodology:  
Return on total assets (ROTA) for profit before tax = Profit before tax / Avg. total assets value x 100%.

<sup>4</sup> The figures for 2021 are based on the balance sheet for 2022 (As at 31 December 2021 column), the income statement for January–December 2022 (For January–December 2021 column).

<sup>5</sup> Return on Equity (ROE) was calculated according to the following methodology:  
Return on equity (ROE) = Net profit / Avg. equity value x 100%.

<sup>6</sup> Indicator of "Return on total assets (ROTA) for profit before tax" are calculated in accordance with the following methodology:  
Return on total assets (ROTA) for profit before tax = Profit before tax / Avg. total assets value x 100%.

Other material terms and conditions of the Agreement

Agreement validity period: The Agreement shall enter into force on the date it is signed by the Parties, and shall remain in force until the Parties have performed their obligations under the Agreement in full.

The Agreement is an interrelated major transaction with Bank Guarantee Agreement No. 5400/744 dated 28 April 2021 (hereinafter referred to as Agreement 1) between Sberbank PJSC (Guarantor) and Energoservice Kuban, JSC (Principal).

Remuneration

The Principal shall be charged a fee for each guarantee referred to in the Agreement.

The Principal shall pay the remuneration for each guarantee in a lump sum no later than the date on which the relevant guarantee is transferred to the Principal.

Remuneration shall be charged as a percentage per annum of the amount of the relevant guarantee for the period from the date of the relevant guarantee specified in the guarantee details (inclusive) to the expiry date (inclusive) specified in the guarantee text).

The remuneration is 2.5% (two point five) per annum.

### Agreement price

The price of the Agreement consists of:

- Total amount of the guarantees simultaneously in force under the Agreement not exceeding RUB 30,000,000 (thirty million roubles)
- Amount of the remuneration under the Agreement at the rate of 2.5 (two point five) per cent per annum

The total price of interrelated transactions consists of Price under the Agreement and Price under Agreement 1 in the amount of:

- Total amount of the guarantees simultaneously in force under the Agreement not exceeding RUB 30,000,000 (thirty million roubles)
- Amount of the remuneration under the Agreement at the rate of 2.5 (two point five) per cent per annum
- Total amount of guarantees simultaneously in force under Agreement 1 not exceeding RUB 268,810,688 (Two hundred and sixty-eight million eight hundred and ten thousand six hundred and eighty-eight roubles)
- Amount of the remuneration under Agreement 1 at the rate of 1.5 (One point five) per cent per annum

Energoservice Kuban, JSC did not enter into any transactions recognised as related-party transactions in accordance with the applicable

laws of the Russian Federation, which require approval by the Company's management bodies.

According to clause 2.11, article 2 of the Articles of Association of Energoservice Kuban, JSC, the provisions of chapter XI of the Federal Law on joint stock companies shall not apply to transactions profitable for this company and concluded with legal entities directly or indirectly controlled by Rosseti, PJSC.

No sale and purchase agreements for shares, participatory interest, shares in economic partnerships and companies were concluded by Energoservice Kuban, JSC in the reporting year.

In 2022, there were no transactions with the property of Energoservice Kuban, JSC (including interrelated transactions), the value of which exceeds the amount specified in the Company's Articles of Association or which is material for the business activities of the Company.

No legal entities under Energoservice Kuban's control that are material to Energoservice Kuban's operations were established in 2022.

## PARTICIPATION OF ROSSETI KUBAN IN NON-COMMERCIAL ORGANISATIONS

Sl.No.	Non-commercial organisation	Organisation details	Purpose of participation	Financial parameters
1	Full name: Energy Institute for Advanced Training — Further Professional Education Institution of Public Joint Stock Company of Energy and Electrification of Kuban	Established on 10 September 2004 by resolution of the Board of Directors of Kubanenergo, OJSC (Minutes No. 3 dated 30 July 2004). Main activities: <ul style="list-style-type: none"> <li>• meeting the needs of Rosseti Kuban's specialists in obtaining knowledge about the latest achievements in the electric power industry; advanced domestic and Western experience in the electric power industry;</li> <li>• organising and conducting advanced training and professional retraining of Rosseti Kuban's specialists;</li> <li>• organising and conducting scientific research, scientific-technical and experimental works, consulting activities;</li> <li>• scientific expertise of programmes, projects, recommendations and other materials</li> </ul>	Providing Rosseti Kuban with qualified personnel through professional training, professional retraining and professional development of the Company's employees, improving their business qualities, preparing them for new job functions	—

Sl.No.	Non-commercial organisation	Organisation details	Purpose of participation	Financial parameters
2	Union Interregional Construction Alliance Self-Regulatory Organisation	The main goals of the Union are to prevent harm to the life or health of individuals, property of individuals or legal entities, state or municipal property, environment, life or health of animals and plants, cultural heritage objects (historical and cultural monuments) of the peoples of the Russian Federation due to shortcomings in work, which have an impact on the safety of capital construction objects and are carried out by the members of the Union; improving the quality of construction, reconstruction, overhaul of construction projects; protection of the rights and legitimate interests of the members of the Union.	Compliance with current legislation and elimination of the risk of administrative liability under Article 9.5.1(1) of the Code of Administrative Offences of the Russian Federation	The monthly membership fee to NOSTROI <sup>1</sup> is RUB 7,000. Quarterly additional targeted membership fee for NOSTROI is RUB 1,700. The amount of the compensation contribution to the compensation fund is RUB 100,000. Payment to the compensation fund for performance bond is RUB 200,000.
	Energoprojekt Association	The scope of the Association members' activities covers all types of design works that influence the safety of capital construction facilities, including particularly hazardous, technically complex, unique facilities, as well as nuclear facilities.	Compliance with current legislation and elimination of the risk of administrative liability under Article 9.5.1(1) of the Code of Administrative Offences of the Russian Federation	The monthly membership fee is RUB 23,000. Quarterly targeted membership fee for NOPRIZ <sup>2</sup> is RUB 1,625. The amount of the compensation contribution to the compensation fund is RUB 50,000. The contribution to the Compensation Fund for performance bond is RUB 150,000.
3	All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organization Association of Russia" (ERA of Russia Association)	Main goals: <ul style="list-style-type: none"> <li>• protection and promotion of the interests of employers in the electric power industry, including in relations with state authorities and trade unions, consolidation of the aggregate resource of the Association members to influence the social and economic policy of the state</li> <li>• regulation of social and labour relations in the electric power industry, increasing the efficiency of social partnership, promoting the maintenance of social stability in the labour collectives of the electric power industry organizations, increasing the efficiency of human resource management, enhancing the return on investment to personnel and the development of human capital</li> <li>• assistance in the creation of favourable conditions for business in general and development of the electric power industry in particular, participation in the development and implementation of projects to increase the economic efficiency of energy organizations, increase labour productivity</li> <li>• development of the national system of professional qualifications and its industry segment, promoting the development of industry-specific professional education, meeting the needs of employers in training qualified personnel, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• the need to promote the interests of the Company, including in relations with public authorities and trade unions;</li> <li>• the need to improve the effectiveness of social partnership, helping to maintain social stability in work collectives</li> <li>• development of cooperation with other organisations in the field of labour and on other issues of social and economic nature</li> </ul>	The annual membership fee is RUB 1,700,000.

<sup>1</sup> NOSTROI is the national association of builders.

<sup>2</sup> NOPRIZ is the national association of surveyors and designers.

Sl.No.	Non-commercial organisation	Organisation details	Purpose of participation	Financial parameters
4	TGO NGO Association	TGO NGO Association consolidates, represents and protects the professional interests of participants of the partnership in government bodies of all levels, infrastructure, non-commercial and public organisations. The partnership platform is a centre for communication of partnership participants and dissemination of the best business practices in the power grid complex. The Supervisory Board of TGO NGO Association includes the Heads of the specialized offices of the Energy Committee of the State Duma of the Russian Federation, the Ministry of Energy of Russia	Ensuring the compliance of Rosseti Kuban with the requirements of the wholesale market in the event that the functions of a guaranteeing supplier are assigned to Rosseti Kuban	The amount of the entrance fee (one-time fee) is RUB 1 million. The quarterly current (regular) membership fee is RUB 256,000.
5	Chamber of Commerce and Industry of the Krasnodar Territory	Promotion of interaction between business entities and local authorities, all-round development of trade and economic, investment and scientific and technical cooperation between entrepreneurs of the Krasnodar Territory and entrepreneurs of foreign countries. Coordination and representation of the interests of all members of the Chamber, entrepreneurs and their associations, regardless of ownership, subordination and location within the Krasnodar Territory	<ul style="list-style-type: none"> <li>• representation of interests in cooperation with the administration of the Krasnodar Territory, the city of Krasnodar, as well as the administrations of cities and districts of the Territory</li> <li>• development of business relations with large companies in Kuban</li> </ul>	The annual membership fee of the Company is RUB 20,000.

# APPENDIX NO. 4



Independent Auditor's Report  
 on accounting (financial) statements  
**of Public Joint-Stock Company**  
 Rosseti Kuban  
 for 2022  
 March 2023

**Independent Auditor's Report**  
**on accounting (financial) statements of**  
**Public Joint-Stock Company**  
 Rosseti Kuban

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## Independent Auditor's Report

To the Shareholders and the Board of Directors  
of the Public Joint Stock Company  
Rosseti Kuban

### Opinion

We have audited the accounting (financial) statements of Public Joint Stock Company Rosseti Kuban (hereinafter referred to as the "Company"), consisting of the balance sheet as of December 31, 2022, the statement of financial results for 2022 and appendices thereto.

In our opinion, the attached accounting (financial) statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, as well as its financial results and cash flows for 2022 in accordance with the rules for the preparation of accounting (financial) statements established in the Russian Federation.

### Basis for our audit opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the Auditor's "Auditor's responsibility for the audit of accounting (financial) statements" section of our opinion. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards for Independence) (IESBA Code) adopted by the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is adequate and appropriate to provide a basis for our audit opinion.

### Key audit issues

Key audit issues are issues that, according to our professional judgment, were the most significant to our audit of the accounting (financial) statements for the current period. These issues were considered in the context of our audit of the accounting (financial) statements as a whole and in the formation of our opinion on these statements, and we do not express a separate opinion on these issues. With respect to each of the issues below, our description of how the relevant matter was addressed in our audit is given in this context.



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We have fulfilled the responsibilities described in the Auditor's Responsibility for the Audit of the Accounting (Financial) Statements section of our opinion, including in relation to these issues. Accordingly, our audit included the implementation of procedures developed in response to our assessment of the risks of material misstatement of the accounting (financial) statements. The results of our audit procedures, including those conducted during the consideration of the following issues, serve as a basis for our audit opinion on the accompanying accounting (financial) statements.

### Key audit issue

### How the relevant key issue was addressed in our audit

#### Recognition and measurement of revenue from transmission services

Recognition and measurement of revenue from transmission services was one of the most significant issues of our audit due to the specific nature of the mechanisms of operation of the electricity market, which leads to disagreements between power grid, energy retail and other companies regarding the volume and cost of electricity transferred. The amount of revenue disputed by counterparties is material to the accounting (financial) statements of the Company. Management's assessment of the probability of resolving disagreements in its favor is to a great degree subjective. Revenue is recognised when, subject to assumptions, disagreements are resolved in favour of the Company.

Information on revenue from electricity transmission services is disclosed in paragraph 5.11 of the Notes to the balance sheet and income statement.

#### Impairment of receivables

The issue of impairment of receivables was one of greatest importance for our audit due to the material balances of receivables as of December 31, 2022, as well as the fact that management's assessment of the possibility of recovering these receivables is based on assumptions, in particular, on the forecast of the solvency of the Company's customers.

Information on the impairment of receivables is disclosed in paragraph 6.5 of the Notes to the balance sheet and income statement

We reviewed the accounting policy applied with respect to the recognition of revenue from transmission services, studied the system of internal control over the recording of this revenue, checked the determination of the corresponding amounts of revenue based on the concluded contracts for the transmission of electricity, on a sample basis received confirmations of accounts receivable balances from counterparties, conducted an analysis of the results of litigation settlements in relation to the disputed amounts of services rendered, if any, and assessment of the current procedures for confirming the volumes of transmitted electricity.

We studied the Company's accounting policy in relation to receivables to determine impairment allowance, and also reviewed the assessment procedures made by the Company's management, including analysis of the payment of trade receivables, analysis of dates of maturity and delinquency, and analysis of customer solvency.

We conducted audit procedures in relation to the information used by the Company to determine the impairment of receivables, as well as the structure of receivables by terms of maturity, and tested the calculation of accrued provisions.



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#### Key audit issue

##### **Recognition, measurement and disclosure of provisions and contingent liabilities**

Recognition, measurement and disclosure of provisions and contingent liabilities in relation to judicial proceedings and claims of counterparties (including territorial power grids and assessment energy supply companies) were one of the most significant matters of our audit in connection with the fact that they require significant judgments by management in relation to significant amounts of balances of settlements with counterparties, which are disputed in litigation or are in the process of pre-trial settlement.

Information on reserves and contingent liabilities is disclosed in paragraph 6.14 of the Notes to the balance sheet and income statement.

##### **Impairment of property, plant and equipment**

In accordance with clause 38 of FSBI 6/2020, "Fixed Assets", the Company conducted, as of December 31, 2022, an impairment test and took into account the change in their carrying value due to impairment in the manner prescribed by International Financial Reporting Standard (IAS) 36, "Impairment of Assets", entered into force on the territory of the Russian Federation by order of the Ministry of Finance of the Russian Federation dated December 28, 2015, No.217n (registered by the Ministry of Justice of the Russian Federation on February 2, 2016, registration No.40940). The value in use of property, plant and equipment representing a significant share of the Company's capital assets as at 31 December 2022 was estimated using the method of forecasting cash flow.

The issue of testing property, plant and equipment for impairment was one of the most material to our audit, as the balance of property, plant and equipment constitutes a significant part of all assets of the Company at the reporting date, and also because the process of management evaluating the value in use is complex, largely subjective and based on assumptions, in particular, on the forecast of the volumes of electricity transmission, transmission tariffs, as well as operating and capital expenditures, which depend on the expected future market or economic conditions in the Russian Federation, including such as long-term growth rates of tariffs and discount rate.

The Company disclosed the information on the deliverables of the analysis of fixed assets for impairment in clause 6.1 of the "Notes to the balance sheet and income statement".

#### How the relevant key issue was addressed in our audit

The audit procedures included review of decisions rendered by the courts, various instances, and examination of management's judgments regarding the

likelihood of an outflow of economic resources due to the resolution of disputes, an examination of the compliance of the documentation prepared with the provisions of existing contracts and legislation, analysis of disclosure in the "Notes to the balance sheet and income statement on contingent and estimated liabilities".

As part of our audit procedures, we have, among other things, estimated the Company's assumptions and techniques, in particular those relating to projected electricity transmission revenues, tariff solutions, operating and capital costs, long-term growth rates of tariffs and discount rate. We have tested the input data included in the model and tested the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of property, plant and equipment. We engaged internal evaluation experts to analyze the model used to determine recoverable amount in the impairment test of property, plant and equipment. We also reviewed the sensitivity of the model to changes in key measurement indicators and the disclosures of the Company about the assumptions on which impairment testing results are most dependent.



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#### Other information included in the annual report for 2022

Other information includes information contained in the annual report 2022, but does not include the accounting (financial) statements and our audit report thereon. Management is responsible for other information. The annual report 2022 is expected to be provided to us after the date of this audit report.

Our opinion on the accounting (financial) statements does not apply to other information and we will not provide a conclusion with confidence in any form with respect to this information.

In connection with our audit of the accounting (financial) statements, it is our responsibility to familiarize ourselves with the above-mentioned other information when it is provided to us and in this case to consider whether there are material inconsistencies between the other information and the accounting (financial) statements or our knowledge obtained during the audit and whether the other information contains any other material misstatement.

#### **The responsibility of the management and Audit Committee of the Board of Directors for the accounting (financial) statements**

Management is responsible for the preparation and fair presentation of these accounting (financial) statements in accordance with the accounting (financial) reporting rules established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the accounting (financial) statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing information related to going concern, as appropriate, and for reporting on a going concern basis, unless management intends to liquidate the Company, cease activities, or management has no realistic alternative to such activities.

The Audit Committee of the Board of Directors is responsible for supervision over the preparation of the Company's accounting (financial) statements.

#### **Auditor's Responsibility for the Audit of the Accounting (Financial) Statements**

Our objectives are to obtain reasonable assurance that the accounting (financial) statements are generally free from material misstatement due to fraud or error and to issue an audit opinion containing our opinion. Reasonable assurance represents a high degree of certainty, but is not a guarantee that an audit conducted in accordance with International Auditing Standards will always reveal a material misstatement if any. Misstatements may be the result of fraud or error and are considered

material if it can reasonably be assumed that individually or collectively they could have an impact on users' economic decisions made on the basis of these accounting (financial) statements.





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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and we remain professional skeptics throughout the audit process. Besides, we perform the following:

- ▶ identify and assess the risks of material misstatement of the accounting (financial) statements due to fraud or errors; design and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that a fraud-induced material misstatement will not be detected is greater than the risk that an error-based material misstatement will not be detected, as fraud may include collusion, forgery, omission, misrepresentation of information or actions bypassing the system of internal control;
- ▶ delve into the internal control system that is relevant to the audit for the purpose of developing audit procedures that are appropriate in the circumstances, rather than for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- ▶ assess the appropriate nature of the accounting policies used and the reasonableness of the estimates calculated by management and the related disclosures;
- ▶ conclude about the lawfulness of the management in applying the going concern assumption and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw, in our auditor's report, attention to the related disclosures in the financial statements; or, if such disclosure is inappropriate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Future events or conditions may, however, cause the Company to be unable to continue as a going concern;
- ▶ evaluate the presentation of the accounting (financial) statements in general, and its structure and content in particular, including information disclosure, and we also evaluate whether the accounting (financial) statements present underlying transactions and events in such a way that their fair presentation is ensured.

We maintain communication with the Audit Committee of the Board of Directors, bringing to its attention, among other things, information about the planned volume and timing of the audit, as well as substantive audit remark, including significant deficiencies in the internal control system, if we identify them during the audit process.

We also provide the Audit Committee of the Board of Directors with a statement that we have observed all relevant ethical requirements related to independence and have informed these individuals of all relationships and other matters that may reasonably be considered to influence the independence of the auditor and, where appropriate, of actions taken to address threats or precautions.



Of the issues that we have brought to the attention of the Audit Committee of the Board of Directors, we identify issues that were most relevant to the audit of the accounting (financial) statements for the current period and which are therefore key audit issues. We describe these matters in our auditor's report unless public disclosure of these matters is prohibited by law or regulation or, in extremely rare cases, we conclude that information about a matter should not be communicated in our report since it can reasonably be assumed that the negative consequences of the communication of such information will exceed the socially significant benefit from its communication.

The head of the audit, based on the results of which this independent auditor's report was issued,  
- T.L. Okolotina

T.L. Okolotina,  
acting on behalf of the Limited Liability Company  
"Center for Audit Technologies and Solutions - Audit Services" on the  
basis of a power of attorney, unnumbered, dated April 18, 2022,  
head of audit, based on the results of which an audit report was drawn up (ORNZ 21906110171)

March 21, 2023

**Information about the auditor**

Name: Limited Liability Company "Center for Audit Technologies and Solutions - Audit Services"  
The entry was made in the Unified State Register of Legal Entities on December 5, 2002 and assigned the state registration number 1027739707203.  
Location: 115035, Russia, Moscow, Sadovnicheskaya embankment, 77, bld. 1.  
The Limited Liability Company "Center for Audit Technologies and Solutions - Audit Services" is a member of the Self-Regulatory Organization of Auditors Association "Commonwealth" (SRO AAS). The Limited Liability Company "Center for Audit Technologies and Solutions - Audit Services" is included in the control copy of the register of auditors and audit organizations under the main registration number 12006020327.

**Information about the auditee**

Name: Public Joint Stock Company "Rosseti Kuban"  
The entry was made in the Unified State Register of Legal Entities on September 17, 2022, and the state registration number assigned is: 1022301427268.  
Location: 350033, Russia, Krasnodar Territory, Krasnodar, Stavropolskaya street, 2a.

## Annex 1

**Balance sheet**  
as of **December 31 20 22**

Organization Rosseti Kuban PJSC  
 Tax identification number \_\_\_\_\_  
 Type of economic activity transmission of electricity and technological connection to distribution networks  
 Organizational and legal form/form of ownership \_\_\_\_\_  
 Public joint stock company / private property \_\_\_\_\_  
 Unit of measurement: thousand rubles \_\_\_\_\_  
 Location (address) 350033, Krasnodar, Stavropolskaya str., 2A  
 Accounting statements are subject to mandatory audit  V  
 Name of the audit organization/last name, first name, patronymic (if any) of the individual auditor  
 TSATR - Audit Services Limited Liability Company  
 Identification number of the taxpayer of the audit organization/individual auditor \_\_\_\_\_  
 Main state registration number of the audit organization/individual auditor \_\_\_\_\_

Codes	
OKUD form	0710001
Date (day, month, year) according to OKPO	31.12.2022
INN	00104604
according to OKVED 2	2309001660
according to OKOPF/OKFS	35.12
according to OKEI	12247 / 16
	<b>384</b>

Explanation	Index name	Line code	As of December 31 2022	As of December 31 2021	As of December 31 2020
<b>ASSET</b>					
<b>I. FIXED ASSETS</b>					
5.1.1.-5.2.2.	Intangible assets	1110	52 643	92 247	145 514
5.2.2.	including pending transactions for the acquisition of intangible	1111	7 500	7 500	7 500
5.2.1.-5.2.2.	Research and development results	1120	52 214	21 578	17 603
5.2.2.	including the costs of research and development in progress	1121	52 214	21 578	17 603
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
5.3.1.-5.3.7.	Fixed assets	1150	78 118 655	71 345 800	63 827 345
	land plots and objects of nature management	1151	136 648	136 562	136 562
	buildings, machinery and equipment, structures	1152	64 668 827	60 607 412	59 203 156
	other types of fixed assets	1153	157 588	252 210	196 617
5.3.7	Right-of-use asset	11531	2 967 844	4 228 736	-
5.3.5.	construction in progress	1154	7 125 396	4 052 784	3 391 998
5.3.6.	advances issued for capital construction and acquisition of fixed assets	1155	385 886	637 506	96 451
	raw materials and materials that are intended for use in the creation of fixed assets*	1156	2 676 466	1 430 590	802 561
5.3.1.	Profitable investments in material values	1160	-	-	-
5.4.1.-5.4.3.	Financial investments	1170	45 688	39 840	31 579
	investments in subsidiaries	1171	45 687	39 839	31 578
	investments in dependent companies	1172	-	-	-
	investments in other organizations	1173	1	1	1
	loans granted to organizations for a period of more than 12	1174	-	-	-
	financial investments	1175	-	-	-
5.7.2.	Deferred tax assets	1180	2 200 526	2 429 612	1 020 464
	Other fixed assets	1190	154 746	133 158	253 975
	Total Section I	1100	80 624 472	74 062 235	65 296 480
<b>II. CURRENT ASSETS</b>					
5.5.1.-5.5.2.	Inventories	1210	1 923 736	1 924 864	1 910 048
	raw materials, materials and other similar values	1211	1 923 736	1 924 864	1 910 048
	work in progress costs	1212	-	-	-
	finished goods and goods for resale	1213	-	-	-
	goods shipped	1214	-	-	-
	other stocks and expenses	1215	-	-	-
	Value added tax on acquired valuables	1220	1 433	5 007	19 601
5.6.1.-5.6.4.	Accounts Receivable	1230	7 626 134	6 547 358	8 547 200
	which is expected to be paid more than 12 months after the	1231	43 085	19 042	23 124
	buyers and customers	123101	1 241	1 819	445
	bills receivable	123102	-	-	-
	advances issued	123103	-	-	-
	other receivables	123104	41 844	17 223	22 679
	which is expected to be paid within 12 months after the reporting	1232	7 583 049	6 528 316	8 524 076
	buyers and customers	123201	6 198 385	5 863 976	7 577 874
	bills receivable	123202	-	-	-
	debt of subsidiaries and affiliates on dividends	123203	-	-	-
	debt of participants (founders) on contributions to the authorized	123204	-	-	-
	advances issued	123205	78 313	43 534	47 518
	other receivables	123206	1 306 351	620 806	898 684
5.4.1.-5.4.3.	Financial investments (excluding cash equivalents)	1240	-	-	-
	loans granted to organizations for a period of less than 12 months	1241	-	-	-
	other short-term financial investments	1242	-	-	-
F.4	Cash and cash equivalents	1250	4 118 182	1 964 719	718 034
	cash register	1251	-	-	-
	settlement accounts	1252	3 468 182	1 964 718	718 030
	currency accounts	1253	-	-	-
	other cash	1254	650 000	1	4
	Other current assets	1260	1 573 337	974 558	888 881
	Total Section II	1200	15 242 822	11 416 506	12 083 764
	<b>BALANCE</b>	<b>1600</b>	<b>95 867 294</b>	<b>85 478 741</b>	<b>77 380 244</b>

Explanation	Index name	Line code	As of December 31 2022	As of December 31 2021	As of December 31 2020
<b>LIABILITY</b>					
<b>III. CAPITAL AND RESERVES</b>					
3.1.	Authorized capital (share capital, authorized fund, contributions of	1310	33 465 784	33 465 784	33 465 784
3.1.	Capital (before registration of changes)	1311	2 864 262	716 784	-
3.1.	Own shares repurchased from shareholders	1320	-	-	-
5.3.1.-5.1.1.	Revaluation of capital assets	1340	-	-	-
3.1.	Additional capital (without revaluation)	1350	6 481 916	6 481 916	6 481 916
3.1.	Reserve capital	1360	509 812	424 221	424 221
3.1.	Retained profit (uncovered loss)	1370	1 931 825	(351 364)	(2 542 723)
	for previous years	1371	(1 369 107)	(2 063 198)	(1 041 445)
	for the reporting period	1372	3 300 932	1 711 834	(1 501 278)
	Total Section III	1300	45 253 599	40 737 341	37 829 198
<b>IV. LONG-TERM LIABILITIES</b>					
5.6.7.-5.6.8.	Borrowed funds	1410	16 931 543	16 036 315	17 882 922
	bank loans that mature more than 12 months after the reporting	1411	15 531 543	14 636 315	16 482 922
	date	1412	1 400 000	1 400 000	1 400 000
	loans that mature more than 12 months after the reporting date	1420	3 746 979	3 610 868	2 132 816
5.7.2.	Deferred tax liabilities	1420	3 746 979	3 610 868	2 132 816
5.7.1.	Estimated liabilities	1430	-	-	-
5.6.5.-5.6.6.	Other liabilities	1450	4 070 948	4 295 806	1 514 462
	including settlement of lease obligations	1451	1 624 891	2 844 513	-
	Total Section IV	1400	24 749 470	23 942 989	21 530 200
<b>V. SHORT-TERM LIABILITIES</b>					
5.6.7.-5.6.8.	Borrowed funds	1510	3 990 281	4 834 192	5 553 866
	bank loans that mature within 12 months after the reporting date	1511	3 972 112	8 231	-
	loans that mature within 12 months after the reporting date	1512	18 169	4 825 961	5 553 866
5.6.5.-5.6.6.	Accounts payable	1520	18 898 158	12 739 058	10 763 538
	suppliers and contractors	1521	9 342 262	6 861 390	5 936 862
	bills payable	1522	-	-	-
	payroll arrears to staff	1523	341 987	299 668	317 117
	debt to state off-budget funds	1524	459 368	157 707	135 442
	debt on taxes and fees	1525	709 386	758 445	771 058
	advances received	1526	5 331 457	2 290 864	2 640 747
	debt to participants (founders) for the payment of income	1527	101 678	344	479
	other accounts payable	1528	1 150 266	986 417	961 833
	settlement of lease obligations	1529	1 461 754	1 384 223	-
	Revenue of the future periods	1530	549 634	292 170	159 854
5.7.1.	Estimated liabilities	1540	2 358 399	2 802 883	1 527 161
	Other liabilities	1550	67 753	130 108	16 427
	Total Section V	1500	25 864 225	20 798 411	18 020 846
	<b>BALANCE</b>	<b>1700</b>	<b>95 867 294</b>	<b>85 478 741</b>	<b>77 380 244</b>

Head \_\_\_\_\_ K.A. Iordanidi  
 (signature) (printed full name)

\_\_\_\_\_ L.V. Loskutova  
 (signature) (printed full name)

" 21 " March 20 23 .

- (1) - indicate the reporting date of the reporting period  
 (2) - indicate the previous year  
 (3) - indicate the year preceding the previous one

**Income statement**  
for January - December 2022 .

Organization	Rosseti Kuban PJSC	OKUD form	0710002
Tax identification number		Date (day, month, year)	31.12.2022
Type of economic activity	transmission of electricity and technological connection to distribution networks	according to OKPO	00104604
Organizational and legal form/form of ownership	Public joint stock company / private property	INN	2309001660
Unit of measurement: thousand rubles		according to OKVED 2	35.12
		according to OKOPF/OKFS	12247 / 16
		according to OKEI	384

Explanation	Index name	Code	For 2022	For 2021
1	2	3	4	5
	Revenue	2110	63 738 857	57 669 744
	including			
	electricity transmission revenue	2111	61 452 874	54 526 278
	revenue due to utility connection	2112	1 282 050	2 347 653
	revenue due to the organization of the functioning and development of the UES of Russia in terms of the distribution electric grid complex	2113	-	-
	revenue due to the resale of electricity and capacity	2114	-	-
	income from participation in other organizations	2115	-	-
	rental income	2116	148 909	162 638
	revenue due to the sale of other products, goods, works, services of an industrial nature	2117	855 024	633 177
	revenue due to the sale of other products, goods, works, services of a non-industrial nature	2118	-	-
2.1.	Cost of sales	2120	(52 991 184)	(49 902 736)
	including			
	cost of electricity transmission	2121	(51 354 745)	(48 482 492)
	cost of utility connection	2122	(721 400)	(826 344)
	cost of the organization of the functioning and development of the UES of Russia in terms of the distribution electric grid complex	2123	-	-
	cost of the resale of electricity and capacity	2124	-	-
	cost of participation in other organizations	2125	-	-
	cost of rental services	2126	(111 769)	(71 296)
	cost of other products, goods, works, services of an industrial nature	2127	(803 270)	(522 604)
	cost of other products, goods, works, services of a non-industrial nature	2128	-	-
	Gross profit (loss)	2100	10 747 673	7 767 008
2.1.	Selling expenses	2210	-	-
2.1.	Management expenses	2220	(162 561)	(151 774)
	Profit (loss) due to sales	2200	10 585 112	7 615 234
	Income from participation in other organizations	2310	-	19 895
	Interest receivable	2320	109 410	28 305
	Interest payable	2330	(2 662 572)	(1 552 608)
5.11.	Other income	2340	3 557 740	1 413 802
5.11.	Other expenses	2350	(4 409 261)	(4 825 874)
	Profit (loss) before tax income	2300	7 180 429	2 698 754
2.3.	Income tax	2410	(1 980 742)	(1 098 296)
2.3.	including current income tax	2411	(1 632 827)	(1 149 652)
2.3.	deferred income tax	2412	(347 915)	51 356
2.3.	Other	2460	44 790	111 376
	Net income (loss)	2400	5 244 477	1 711 834

Explanations	Index name	Code	For 2022	For 2021
5.1.1. 5.3.1.	<b>FOR REFERENCE</b> Result of the revaluation of non-current assets, which is not included in the net profit (loss) of the period	2510	-	-
	Result of other operations, which is not included in the net profit (loss) of the period	2520	-	-
	Tax on income from operations, the result of which is not included in the net profit (loss) of the period	2530	-	-
	Cumulative financial result of the period	2500	5 244 477	1 711 834
2.2.	Underlying earnings (loss) per share	2900	15,1080	5,1150
2.2.	Diluted earnings (loss) per share	2910	15,1080	5,1150

Head \_\_\_\_\_ K.A. Iordanidi  
(signature) (printed full name)

Chief Accountant \_\_\_\_\_ L.V. Loskutova  
(signature) (printed full name)

" 21 " March 20 23 .

**2.1. Cost of sold products, works, services by cost elements**

Indicator	Code		For 2022	For 2021
	Name	2		
	1	2	3	4
Production costs		6510	52 991 184	49 902 736
including				
material costs		6511	11 567 990	11 175 271
labor costs		6512	6 086 158	5 409 491
compulsory insurance premiums, insurance against accidents and fire protection		6513	1 774 480	1 582 067
depreciation		6514	4 904 610	4 627 784
depreciation of the right-of-use asset		65141	1 393 316	-
other costs		6515	27 264 630	27 108 123
For reference: change in stocks and reserves (increase [+], decrease [-]):		6520	-	-
including				
work in progress		6521	-	-
finished products		6522	-	-
goods outsourced		6523	-	-
goods shipped		6524	-	-
auxiliary raw materials		6525	-	-
<b>Total cost of sales</b>		6500	52 991 184	49 902 736
Selling expenses		6550	-	-
including				
material costs		6551	-	-
labor costs		6552	-	-
compulsory insurance premiums, insurance against accidents and fire protection		6553	-	-
depreciation		6554	-	-
depreciation of the right-of-use asset		65541	-	-
other costs		6555	-	-
Management expenses		6560	162 561	151 774
including				
material costs		6561	-	-
labor costs		6562	1 668	19 997
compulsory insurance premiums, insurance against accidents and fire protection		6563	398	5 686
depreciation		6564	-	-
depreciation of the right-of-use asset		65641	-	-
other costs		6565	160 495	126 091

Head \_\_\_\_\_ K.A. Iordanidi  
(signature) (printed full name)

Chief Accountant \_\_\_\_\_ L.V. Loskutova  
(signature) (printed full name)

« 21 » "21", 20 23 .



## 2.2. Earnings per share, diluted earnings per share

Indicator		For January - December	For January - December
Name	Code	2022	2021
1	2	3	4
<b>Net profit (uncovered loss) of the reporting period</b>	6610	5 244 477	1 711 834
Dividends on preferred shares <sup>3</sup>	6611	-	-
Underlying profit (loss) of the reporting period	6612	5 244 477	1 711 834
Weighted average number of ordinary outstanding shares for the reporting year.	6613	347 126	336 147
<b>Underlying earnings (loss) per share</b>	6620	15,1080	5,115000
The weighted average market value of an ordinary share	6621	62	73
<b>Possible increase in profit and weighted average number of outstanding shares</b>	6630	X	X
As a result of the conversion of preferred shares to ordinary shares	6631	X	X
possible profit increase	66311	-	-
additional number of shares	66312	-	-
As a result of the conversion of bonds into ordinary shares	6632	X	X
possible profit increase	66321	-	-
additional number of shares	66322	-	-
As a result of the execution of contracts for the sale of shares at a price below the market price	6633	X	X
contract purchase price	66331	-	-
possible profit increase	66332	-	-
additional number of shares	66333	-	-
<b>Diluted earnings per share</b>	6640	15,1080	5,1150
adjusted underlying profit	6641	5 244 477	1 711 834
adjusted weighted average number of outstanding shares	6642	347 126	336 147

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« 21 » "21", 20 23 .

## 2.3. Profit taxation

Indicator	Code	For 2022	For 2021
1	2	3	4
<b>Profit (loss) before tax income</b>	6710	7 180 429	2 698 754
including taxable profit (loss) at:			
20%	67101	7 180 429	2 698 754
other rates	67102	-	-
non-taxable	67103	-	-
Constant differences	6711	2 723 281	2 792 727
Change in temporary deductible differences	6712	(1 040 085)	1 987 222
Change in temporary taxable differences	6713	(699 490)	(1 730 442)
Provisional expense (income) for income tax	6721	1 436 086	539 751
Permanent tax expense (income)	6722	544 656	558 545
Deferred income tax, including:	6723	(347 915)	51 356
change in deferred tax asset	67231	(208 017)	397 444
change in deferred tax liability	67232	(139 898)	(346 088)
Current income tax	6725	(1 632 827)	(1 149 652)
Expense (income) on profit tax	67251	(1 980 742)	(1 098 296)
<b>Income tax amounts for previous tax periods (according to revised declarations, tax audits)</b>	6726	98 059	52 041
<b>Other tax payments and sanctions from profit</b>	6727	(35 987)	59 335
<b>Write-off of deferred income taxes</b>	6728	(17 282)	-
for reference: recognition (write-off) of deferred tax assets due to the fact that the probability that the organization will receive taxable profit in subsequent reporting periods has changed	67281	-	-
<b>Net income (loss)</b>	6729	5 244 477	1 711 834

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(1) - indicate the reporting date of the reporting period

(2) - indicate the period of the previous year, which is similar to the reporting period

**Statement of changes in equity  
for 20 22.**

Organization Rosseti Kuban PJSC  
 Tax identification number \_\_\_\_\_  
 Type of economic activity transmission of electricity and technological connection to distribution networks  
 Organizational and legal form/form of ownership \_\_\_\_\_  
 Public joint stock company / private property \_\_\_\_\_  
 Unit of measurement: thousand rubles \_\_\_\_\_

Codes	
OKUD form	0710004
Date (day, month, year)	31   12   2022
according to OKPO	00104604
INN	2309001660
according to OKVED 2	35.12
according to OKOPF/OKFS	12247   16
according to OKEI	384

**3.1. Capital flow**

Index name	Code	Authorized capital	Capital (before registration of changes)	Own shares repurchased from shareholders	Extra capital	Reserve capital	Retained profit (uncovered loss)	Total
The amount of capital as of December 31, 2i20	3100	33 465 784	-	-	6 481 916	424 221	(2 542 723)	37 829 198
For 20 21								
Capital increase - total:	3210	-	716 784	-	-	-	2 375 150	3 091 934
including:								
net profit	3211	x	x	x	x	x	1 711 834	1 711 834
property revaluation	3212	x	x	x	-	x	-	-
income that is attributable directly to capital increases	3213	x	x	x	-	x	663 316	663 316
additional issue of shares	3214	-	716 784	-	-	x	x	716 784
increase in the par value of shares	3215	-	-	x	x	x	-	x
reorganization of a legal entity	3216	-	-	-	-	-	-	-
Capital decrease - total:	3220	-	-	-	-	-	(183 791)	(183 791)
including:								
loss	3221	x	x	x	x	x	-	-
property revaluation	3222	x	x	x	-	x	-	-
expenses that are attributable directly to the capital decrease	3223	x	x	x	-	x	(183 791)	(183 791)
decrease in the par value of shares	3224	-	-	-	x	x	-	-
reduction in the number of shares	3225	-	-	-	x	x	-	-
reorganization of a legal entity	3226	-	-	-	-	-	-	-
dividends	3227	x	x	x	x	x	-	-
Change in additional capital	3230	x	x	x	-	x	-	x
Change in reserve capital	3240	x	x	x	-	x	-	x
The amount of capital as of December 31, 2i21	3200	33 465 784	716 784	-	6 481 916	424 221	(351 364)	40 737 341
For 20 22								
Capital increase - total:	3310	-	2 147 478	-	-	-	5 244 548	7 392 026
including:								
net profit	3311	x	x	x	x	x	5 244 477	5 244 477
property revaluation	3312	x	x	x	-	x	-	-
income that is attributable directly to capital increases	3313	x	x	x	-	x	71	71
additional issue of shares	3314	-	2 147 478	-	-	x	x	2 147 478
increase in the par value of shares	3315	-	-	x	x	x	-	x
reorganization of a legal entity	3316	-	-	-	-	-	-	-
Capital decrease - total:	3320	-	-	-	-	-	(2 875 768)	(2 875 768)
including:								
loss	3321	x	x	x	x	x	-	-
property revaluation	3322	x	x	x	-	x	-	-
expenses that are attributable directly to the capital decrease	3323	x	x	x	-	x	-	-
decrease in the par value of shares	3324	-	-	x	x	x	-	-
reduction in the number of shares	3325	-	-	-	x	x	-	-
reorganization of a legal entity	3326	-	-	-	-	-	-	-
dividends	3327	x	x	x	x	x	(2 875 768)	(2 875 768)
Change in additional capital	3330	x	x	x	-	x	-	x
Change in reserve capital	3340	x	x	x	-	x	85 591	(85 591)
The amount of capital as of December 31, 2i22	3300	33 465 784	2 864 262	-	6 481 916	509 812	1 931 825	45 253 599

(1) - indicate the year preceding the previous one  
 (2) - indicate the previous year  
 (3) - indicate the reporting year

**3.2. Adjustments due to changes in accounting policies and correction of errors\***

Index name	Code	As of December 31 2020	Change in capital for 2021		As of December 31 2021
			from net profit (loss)	due to other factors	
<b>Capital - total</b>					
before adjustments	3400	37 829 198	1 711 834	632 339	40 173 371
adjustment due to:					
change in accounting policy	3410	-	563 970	-	563 970
error fixes	3420	-	-	-	-
after adjustments	3500	37 829 198	2 275 804	632 339	40 737 341
including:					
Retained profit (uncovered loss):					
before adjustments	3401	(2 542 723)	1 711 834	(84 445)	(915 334)
adjustment due to:					
change in accounting policy	3411	-	563 970	-	563 970
error fixes	3421	-	-	-	-
after adjustments	3501	(2 542 723)	2 275 804	(84 445)	(351 364)
other capital items subject to adjustments:					
(by items)					
before adjustments	3402	40 371 921	-	716 784	41 088 705
Authorized capital	34021	33 465 784	-	-	33 465 784
Capital (before registration of changes)	340211	-	-	716 784	716 784
Own shares repurchased from shareholders	34022	-	-	-	-
Extra capital	34023	6 481 916	-	-	6 481 916
Reserve capital	34024	424 221	-	-	424 221
adjustment due to:					
change in accounting policy	3412	-	-	-	-
error fixes	3422	-	-	-	-
after adjustments	3502	40 371 921	-	716 784	41 088 705

(1) - indicate the year preceding the previous one  
 (2) - indicate the previous year

## 3.3. Net assets

Index name	Code	As of December 31 2022	As of December 31 2021	As of December 31 2020
Net assets	3600	45 803 233	41 029 511	37 989 052

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Chief Accountant \_\_\_\_\_ L.V. Loskutova  
(signature) (printed full name)

" 21 " March 20 23 .

- (1) - indicate the year preceding the previous one  
(2) - indicate the previous year  
(3) - indicate the reporting year

3.4. Calculation of the valuation  
of the net assets of a joint-stock company

Index name	Balance sheet line code	31 2022	31 2021	31 2020
1	2	3	4	5
<b>I. Assets</b>				
1. Intangible assets	1110	52 643	92 247	145 514
2. Research and development results	1120	52 214	21 578	17 603
3. Intangible development assets	1130	-	-	-
4. Tangible development assets	1140	-	-	-
5. Fixed assets	1150	78 118 655	71 345 800	63 827 345
6. Profitable investments in material values	1160	-	-	-
7. Long-term and short-term financial investments	1170 + 1240	45 688	39 840	31 579
8. Other fixed assets 2	1180+1190	2 355 272	2 562 770	1 274 439
9. Inventories	1210	1 923 736	1 924 864	1 910 048
10. Value added tax on acquired valuables	1220	1 433	5 007	19 601
11. Accounts receivable 3	1230	7 626 134	6 547 358	8 547 200
12. Cash and cash equivalents	1250	4 118 182	1 964 719	718 034
13. Other current assets 1	1260	1 573 337	974 558	888 881
14. Total assets accepted for calculation (the sum of these items 1 through 13)		95 867 294	85 478 741	77 380 244
<b>II. Liabilities</b>				
15. Long-term borrowings	1410	16 931 543	16 036 315	17 882 922
16. Deferred tax liabilities	1420	3 746 979	3 610 868	2 132 816
17. Estimated liabilities	1430+1540	2 358 399	2 802 883	1 527 161
18. Other long-term liabilities	1450	4 070 948	4 295 806	1 514 462
19. Short-term borrowings	1510	3 990 281	4 834 192	5 553 866
20. Accounts payable 4	1520	18 898 158	12 739 058	10 763 538
21. Other short-term liabilities 5	1550	67 753	130 108	16 427
22. Total liabilities accepted for calculation (the sum of these items 15 through 21)		50 064 061	44 449 230	39 391 192
23. Net asset value of a joint-stock company (total assets to be calculated (line 14) minus total liabilities to be accepted for calculation (line 22))		45 803 233	41 029 511	37 989 052

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« 21 » March 20 23 .

<sup>1</sup> Except for actual costs of repurchase of own shares from shareholders.

<sup>2</sup> Including deferred tax assets.

<sup>3</sup> Except for indebtedness of participants (founders) on contributions to authorized capital.

<sup>4</sup> Including the amount of income owed to participants

<sup>5</sup> Other long-term and short-term liabilities show the amounts of reserves created in accordance with the established procedure in connection with contingent liabilities and termination of operations

<sup>6</sup> indicate the year preceding the previous one

<sup>7</sup> indicate the previous year

<sup>8</sup> indicate the reporting date of the reporting period



**Cash flow statement**  
for January - December 20 22 .

Organization Rosseti Kuban PJSC  
Tax identification number \_\_\_\_\_  
Type of economic activity transmission of electricity and technological connection to distribution networks  
Organizational and legal form/form of ownership \_\_\_\_\_  
Public joint stock company / private property \_\_\_\_\_  
Unit of measurement: thousand rubles

OKUD form 0710005  
Date (day, month, year) 31.12.2022  
according to OKPO 00104604  
INN 2309001660  
according to OKVED 2 35.12  
according to OKOPF/OKFS 12247/16  
according to OKEI 384

Codes
0710005
31.12.2022
00104604
2309001660
35.12
12247/16
384

Index name	Code	For 2022	For 2021
1	2	3	4
<b>Cash flows from current operations</b>		55 852 392	48 764 627
Income - total	4110		
including:	4111	54 658 297	47 404 605
from the sale of products, goods, works and services			
<i>including from the sale of products, goods, works and services to parent companies, daughter companies and dependent companies</i>	411101	2 010	4 368
lease payments, license payments, royalties, commissions and other similar payments	4112	51 522	66 137
<i>including from lease payments, license payments, royalties, commissions and other similar payments from parent companies, daughter companies and dependent companies</i>	411201	1 649	3 496
from the resale of financial investments	4113	-	-
<i>including from the resale of financial investments to parent companies, daughter companies and dependent companies</i>	411301	-	-
other income	4119	1 142 573	1 293 885
<i>including other income from parent companies, daughter companies and dependent companies</i>	411901	10	16
Payments - total	4120	(43 765 402)	(40 249 889)
including:	4121	(28 851 519)	(27 062 094)
to suppliers (contractors) for raw materials, materials, works, services			
<i>including to suppliers (contractors) for raw materials, materials, works, services of parent companies, daughter companies and dependent companies</i>	412101	(497 763)	(521 542)
in connection with the remuneration of employees	4122	(6 321 114)	(5 751 322)
interest on debt obligations	4123	(2 352 859)	(1 672 282)
<i>including interest on debt obligations of parent companies, daughter companies and dependent companies</i>	412301	(600 829)	(414 260)
corporate income tax	4124	(1 850 641)	(1 263 716)
other payments	4129	(4 389 269)	(4 500 475)
<i>including other payments to parent companies, daughter companies and dependent companies</i>	412901	(79 748)	(67 213)
Balance of cash flows from current operations	4100	12 086 990	8 514 738
<b>Cash flows from investment operations</b>		668 398	423 282
Income - total	4210		
including:	4211	54 899	2 710
from the sale of non-current assets (except for financial investments)			
<i>including from the sale of non-current assets (except for financial investments) to parent companies, daughter companies and dependent companies</i>	421101	-	-
from the sale of shares of other organizations (participatory interests)	4212	-	-
<i>including from the sale of shares of other organizations (participatory interests) to parent companies, daughter companies and dependent companies</i>	421201	-	-
from the return of loans granted, from the sale of debt securities (rights to claim funds from other persons)	4213	-	-
<i>including from the return of loans granted, from the sale of debt securities (rights to claim funds to other persons) of parent companies, daughter companies and dependent companies</i>	421301	-	-
dividends, interest on debt financial investments and similar income from equity participation in other organizations	4214	104 103	26 493
<i>including dividends, interest on debt financial investments and similar income from equity participation in other organizations from parent companies, daughter companies and dependent companies</i>	421401	-	-
other income	4219	509 396	394 079
<i>including other income from parent companies, daughter companies and dependent companies</i>	421901	32	32
Payments - total	4220	(10 020 904)	(5 963 117)
including:	4221	(9 954 239)	(5 886 149)
in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of non-current assets			
<i>including payments to parent companies, daughter companies and dependent companies in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of non-current assets</i>	422101	(1 016 035)	(964 719)
in connection with the acquisition of shares of other organizations (participatory interests)	4222	-	-
<i>including payments to parent companies, daughter companies and dependent companies in connection with the acquisition of shares in other organizations (participatory interests)</i>	422201	-	-
in connection with the acquisition of debt securities (the rights to claim funds from other persons), the provision of loans to other persons	4223	-	-
<i>including payments to parent, subsidiary and affiliated companies in connection with the acquisition of debt securities (rights to claim funds from other persons), granting loans to other persons</i>	422301	-	-
interest on debt obligations included in the cost of an investment asset	4224	(41 980)	(27 728)
<i>including interest on debt obligations included in the cost of an investment asset to parent companies, daughter companies and dependent companies</i>	422401	-	-
other payments	4229	(24 685)	(49 240)
<i>including other payments to parent companies, daughter companies and dependent companies</i>	422901	-	-
Balance of cash flows from investment operations	4200	(9 352 506)	(5 539 835)

Index name	Code	For 2022	For 2021
<b>Cash flows from financial transactions</b>		17 787 403	24 675 106
Income - total	4310		
including:	4311	15 683 201	23 915 046
obtaining credits and loans			
<i>including obtaining loans and borrowings from parent companies, daughter companies and dependent companies</i>	431101	-	4 200 000
cash deposits of owners (participants)	4312	-	-
<i>including cash deposits of owners (participants) of parent companies, daughter companies and dependent companies</i>	431201	-	-
from issuance of shares, increase in participation	4313	2 104 202	760 060
<i>including the issuance of shares, increasing the shares of parent companies, daughter companies and dependent companies</i>	431301	2 104 202	760 060
from the issuance of bonds, bills of exchange and other debt securities, etc.	4314	-	-
<i>including the issuance of bonds, bills of exchange and other debt securities and others of parent companies, daughter companies and dependent companies</i>	431401	-	-
other income	4319	-	-
<i>including other income from parent companies, daughter companies and dependent companies</i>	431901	-	-
Payments - total	4320	(19 018 423)	(26 403 321)
including:	4321	-	-
to owners (participants) in connection with the redemption of shares (participatory interests) of the organization from them or their withdrawal from the membership			
<i>including payment to owners (participants) in connection with the redemption of their shares (participatory interests) of the organization or their withdrawal from the membership of parent companies, daughter companies and dependent companies</i>	432101	-	-
for the payment of dividends and other payments for the distribution of profits in favor of the owners (participants)	4322	(2 752 208)	-
<i>including for the payment of dividends and other payments for the distribution of profits in favor of the owners (participants) of parent companies, daughter companies and dependent companies</i>	432201	(872 691)	-
in connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of credits and loans	4323	(15 616 215)	(26 361 654)
<i>including in connection with the redemption (repurchase) of promissory notes and other debt securities, repayment of loans and borrowings to parent companies, daughter companies and dependent companies</i>	432301	(4 200 000)	(5 400 000)
other payments	4329	(650 000)	(41 667)
<i>including other payments to parent companies, daughter companies and dependent companies</i>	432901	-	-
Balance of cash flows from financial transactions	4300	(1 231 020)	(1 728 215)
<b>Balance of cash flows for the reporting period</b>	<b>4400</b>	<b>1 503 464</b>	<b>1 246 688</b>
<b>Balance of cash and cash equivalents at the beginning of the reporting period</b>	<b>4450</b>	<b>1 964 718</b>	<b>718 030</b>
<b>Balance of cash and cash equivalents at the end of the reporting period</b>	<b>4500</b>	<b>3 468 182</b>	<b>1 964 718</b>
The magnitude of the impact of changes in the foreign exchange rate against the ruble	4490	-	-

Head \_\_\_\_\_ K.A. Iordaniidi Chief Accountant \_\_\_\_\_ L.V. Loskutova  
(signature) (printed full name) (signature) (printed full name)

" 21 " March 20 23 .

1 - indicate the reporting period

2 - indicate the period of the previous year, which is similar to the reporting period

	Check:		
Balance of cash and cash equivalents at the beginning of the reporting period	4450	(1)	(4)
Balance of cash and cash equivalents at the end of the reporting period	4500	(650 000)	(1)

5.1. Intangible assets  
5.1.1. Availability and movement of intangible assets

Indicator	Code	Period	At the beginning of the year				Changes over the period							At the end of the period				
			Initial/current market value	Accumulated depreciation	Impairment losses	Residual value	Received	Retired		Impairment losses	Depreciation on accrued	Impairment loss	Revaluation		Initial/current market value	Accumulated depreciation	Impairment losses	Residual value
								Initial/current market value	Accumulated depreciation				Initial/current market value	Accumulated depreciation				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	5100	for 2022	218 576	(133 829)	-	84 747	2 928	-	-	-	(42 532)	-	-	-	221 504	(176 361)	-	45 143
	5110	for 2021	218 576	(80 562)	-	138 014	-	-	-	-	(53 267)	-	-	-	218 576	(133 829)	-	84 747
	5101	for 2022	180 181	(104 049)	-	76 132	2 928	-	-	-	(34 944)	-	-	-	183 109	(138 993)	-	44 116
	5111	for 2021	180 181	(60 216)	-	119 965	-	-	-	-	(43 833)	-	-	-	180 181	(104 049)	-	76 132
	51011	for 2022	24 479	(11 858)	-	12 621	-	-	-	-	(4 139)	-	-	-	24 479	(15 987)	-	8 482
	51111	for 2021	24 479	(7 719)	-	16 760	-	-	-	-	(4 139)	-	-	-	24 479	(11 858)	-	12 621
	51012	for 2022	155 510	(91 989)	-	63 511	2 928	-	-	-	(30 805)	-	-	-	158 438	(122 804)	-	35 634
	51112	for 2021	155 510	(62 327)	-	103 183	-	-	-	-	(39 672)	-	-	-	155 510	(91 989)	-	63 511
	51013	for 2022	192	(192)	-	-	-	-	-	-	-	-	-	-	192	(192)	-	-
	51113	for 2021	192	(170)	-	22	-	-	-	-	(22)	-	-	-	192	(192)	-	-
	5102	for 2022	38 395	(29 780)	-	8 615	-	-	-	-	(7 588)	-	-	-	38 395	(37 368)	-	1 027
	5112	for 2021	38 395	(20 346)	-	18 049	-	-	-	-	(9 434)	-	-	-	38 395	(29 780)	-	8 615
Other																		

(1) - indicate the reporting year  
(2) - indicate the previous year

5.2. Deliverables of research, development and technological work and intangible assets

5.2.1. Availability and flow of R&D deliverables

Index name	Code	Period	At the beginning of the year			Changes over the period				At the end of the period		
			Initial cost	part of the cost written off for expenses	received	retired		part of the cost written off for expenses over the period	initial cost	part of the cost written off for expenses	part of the cost written off for expenses	
						Initial cost	part of the cost written off for expenses					
1	2	3	4	5	6	7	8	9	10	11		
	5140	for 20 22	-	-	-	-	-	-	-	-	-	-
	5150	for 20 21	-	-	-	-	-	-	-	-	-	-
	5141	for 20 22	-	-	-	-	-	-	-	-	-	-
	5151	for 20 21	-	-	-	-	-	-	-	-	-	-
	5142	for 20 22	-	-	-	-	-	-	-	-	-	-
	5152	for 20 21	-	-	-	-	-	-	-	-	-	-
For reference, from the total amount of R&D:												
R&D expenses carried out in-house	5143	for 20 22	-	-	-	-	-	-	-	-	-	-
	5153	for 20 21	-	-	-	-	-	-	-	-	-	-
Outsourced R&D expenses	5144	for 20 22	-	-	-	-	-	-	-	-	-	-
	5154	for 20 21	-	-	-	-	-	-	-	-	-	-

(1) - indicate the reporting year  
(2) - indicate the previous year

5.2.2. Pending and unregistered R&D and pending transactions for the acquisition of intangible assets

Index name	Code	Period	Changes over the period					At the end of the period
			At the beginning of the year	period costs	written off as costs that did not give a positive result	accepted for accounting as intangible assets or other		
			4	5	6	7	8	
Pending R&D expenses - total	5160 5170	for 20 22 for 20 21	21 578 17 603	37 632 20 875	- (16 900)	(6 996)	52 214 21 578	
including:								
Patentable R&D deliverables	5161 5171	for 20 22 for 20 21	21 578 17 603	37 632 20 875	- (16 900)	(6 996)	52 214 21 578	
Other	5162 5172	for 20 22 for 20 21	- -	- -	- -	- -	- -	
Pending transactions for the acquisition of intangible assets - total	5180 5190	for 20 22 for 20 21	7 500 7 500	- -	- -	- -	7 500 7 500	
including:								
at the patent holder for inventions, industrial design, utility model	5181 5191	for 20 22 for 20 21	- -	- -	- -	- -	- -	
at the right holder for computer programs, databases	5182 5192	for 20 22 for 20 21	- -	- -	- -	- -	- -	
at the owner of a trademark, service mark, name of origin of goods	5183 5193	for 20 22 for 20 21	- -	- -	- -	- -	- -	
Other	5184 5194	for 20 22 for 20 21	7 500 7 500	- -	- -	- -	7 500 7 500	

(1) - indicate the reporting year  
(2) - indicate the previous year

5.3. Property, plant and equipment and the right-of-use asset

5.3.1. Availability and movement of fixed assets

Index name	Code	Period	Effect of one-time inter-reporting period adjustment			At the beginning of the year						Changes over the period						At the end of the period			
			initial cost	accumulated depreciation and impairment	residual value	initial cost	accumulated depreciation and impairment	book value	received			retired			impairment		revaluation		initial cost	accumulated depreciation and impairment	book value
									accumulated depreciation on received objects	impairment	impairment	accumulated depreciation	impairment	depreciation accrued	initial cost	accumulated depreciation					
			4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Fixed assets (excluding profitable investments in material assets) - total	5200	for 2022	-	-	-	131 274 030	(70 277 840)	60 996 184	8 917 641	(7 803)	-	(258 743)	203 724	-	(4 887 840)	-	-	-	139 932 928	(74 969 865)	64 963 063
including:																					
Depreciable fixed assets - total:	5201 5211	for 2022 for 2021	(401 149)	1 230 546	829 397	1 267 119 386	(67 183 051)	59 536 335	5 293 721	(7 988)	-	(337 928)	275 936	-	(4 800 479)	-	-	131 274 030	(70 277 840)	60 996 184	
including:																					
buildings	52011 52111	for 2022 for 2021	-	-	-	12 483 267	(6 020 224)	6 411 043	128 837	-	-	(41 887)	32 707	-	(251 447)	-	-	12 516 217	(6 238 984)	6 277 253	
structures, except for power lines	52012 52112	for 2022 for 2021	(89)	121 241	121 152	12 485 611	(9 961 467)	6 522 144	17 628	-	-	(70 083)	60 907	-	(240 905)	-	-	12 431 267	(6 020 224)	6 411 043	
power lines and relevant devices	52013 52113	for 2022 for 2021	(2 855)	19 586	17 001	5 289 621	(2 588 115)	2 671 506	175 617	-	-	(14 774)	12 853	-	(245 423)	-	-	5 819 422	(3 087 324)	2 732 098	
machines and equipment	52014 52114	for 2022 for 2021	-	93 542	93 542	54 894 714	(22 606 782)	34 539 387	3 695 401	-	-	(95 317)	69 698	-	(2 171 937)	-	-	60 746 253	(24 709 021)	36 037 232	
production and household equipment, including other facilities	52015 52115	for 2022 for 2021	-	985 930	598 599	53 860 820	(37 838 849)	16 021 871	2 678 482	(798)	-	(99 432)	91 213	-	(1 898 423)	-	-	56 078 539	(38 769 027)	17 309 512	
investment property	52016 52116	for 2022 for 2021	(31 144)	30 247	(897)	74 058	(83 681)	10 377	2 770	-	-	(1 084)	1 094	-	(2 512)	-	-	44 800	(34 862)	9 738	



Index name	Code	Period	Effect of one-time inter-reporting period adjustment				Changes over the period										At the end of the period				
			initial cost	accumulated depreciation and impairment	residual value	book value	received		retired		depreciation accrued	impairment	revaluation		initial cost	accumulated depreciation and impairment	book value				
							initial cost	accumulated depreciation on received objects	initial cost	accumulated depreciation			initial cost	accumulated depreciation							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Objects with an unlimited useful life, not depreciable ones - total	5202	for 2022	-	-	-	136 648	-	136 562	86	-	-	-	-	-	-	-	-	-	136 648	-	136 648
including:																					
land plots	52021	for 2022	-	-	-	136 562	-	136 562	86	-	-	-	-	-	-	-	-	-	136 648	-	136 648
nature management objects	52022	for 2022	-	-	-	136 562	-	136 562	86	-	-	-	-	-	-	-	-	-	136 648	-	136 648
Capital investments for fundamental land improvement	52122	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounted for as part of investments in material assets - total	5220	for 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including:																					
property for leasing	5221	for 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property provided under a lease contract	5222	for 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5232	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) - indicate the reporting year  
(2) - indicate the previous year

**5.3.3. Change in the value of fixed assets as a result of completion, additional equipment, reconstruction and partial liquidation**

Index name	Code	For 2022	For 2021
1	2	3	4
Increase in the cost of fixed assets as a result of completion, additional equipment, reconstruction - total	5260	2 436 601	1 163 450
including:			
buildings	5261	4 188	1 792
structures, except for power lines	5262	168 691	3 056
power lines and relevant devices	5263	1 704 108	805 140
machines and equipment	5264	410 189	353 462
production and household equipment, including other facilities	5265	149 425	-
investment property	5266	-	-
Decrease in the value of fixed assets as a result of partial liquidation - total:	5270	(67 551)	(99 320)
including:			
buildings	5271	-	-
structures, except for power lines	5272	(62)	(5 559)
power lines and relevant devices	5273	(54 117)	(93 358)
machines and equipment	5274	(13 372)	(403)
production and household equipment, including other facilities	5275	-	-
investment property	5276	-	-

(1) - indicate the reporting year  
(2) - indicate the previous year

5.3.4. Other use of fixed assets

Index name	Code	As of December 31 2022	As of December 31 2021	As of December 31 2020
1	2	3	4	5
Leased-out fixed assets on the balance sheet	5280	115 551	101 182	105 041
Leased-out fixed assets off the balance sheet	5281	200	-	-
Leased fixed assets on the balance sheet	5282	-	-	-
Leased fixed assets off the balance sheet	5283	3 316 107	3 325 277	20 181 738
Real estate objects accepted into operation and actually used, which are in the process of state registration	5284	3 388 838	3 339 062	3 385 515
Fixed assets transferred for preservation	5285	10 047	10 115	10 115
Other use of fixed assets (pledge, etc.)	5286	-	-	-

- (1) - indicate the reporting date of the reporting period
- (2) - indicate the previous year
- (3) - indicate the year preceding the previous one

5.3.5. Capital investments in progress

Index name	Code	Period	At the beginning of the year	Changes over the period				At the end of the period
				period costs	written off	accepted for accounting as fixed assets or increase in the cost of capital investments	impairment	
1	2	3	4	5	6	7	8	9
Construction in progress and pending acquisitions, upgrades, etc., for the fixed assets - total								
including:								
construction in progress	5241	for 20 22 .	3 110 852	11 344 559	(38 767)	(8 531 884)	-	5 884 760
acquisition of fixed assets	5251	for 20 21 .	2 536 652	5 447 314	(159 732)	(4 713 382)	-	3 110 852
equipment for installation	5262	for 20 21 .	54	575 774	-	(368 569)	-	-
other	5243	for 20 22 .	941 932	1 689 487	(1 390 783)	(575 828)	-	1 240 636
	5253	for 20 21 .	855 292	857 338	(770 698)	-	-	941 932
	5244	for 20 22 .	-	83	-	(83)	-	-
	5254	for 21 21 .	-	-	-	-	-	-

5.3.6. Advances issued for capital construction and acquisition of fixed assets

Index name	Code	Period	At the beginning of the year		Changes over the period					At the end of the period			
			accounted for under the terms of the contract	reserve amount for doubtful debts	as a result of business transactions (the amount of debt under the transaction)	receipt	retirement	redemption	reserve accrued	write-off at the expense of the reserve previously accrued	write-off to financial result	reserve recovery	accounted for under the terms of the contract
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Advances issued for capital construction	5291	for 20 22 .	765 453	(2 033)	208 272	-	-	(508 651)	-	-	-	465 074	(2 033)
including:													
capital construction	5292	for 20 21 .	116 533	(1 127)	709 060	-	(1 055)	(59 991)	(149)	-	-	765 453	(2 033)
acquisition of fixed assets	52911	for 20 22 .	746 493	(2 012)	184 394	-	-	(490 020)	-	-	-	440 867	(2 012)
other	52912	for 20 21 .	2 990	(21)	691 778	-	(1 055)	(42 762)	-	-	-	746 493	(2 012)
	52922	for 20 21 .	21	(21)	2 989	-	-	(2 969)	-	-	-	21	(21)
	52913	for 20 22 .	15 970	-	23 878	-	-	(15 662)	-	-	-	2 990	(21)
	52923	for 20 21 .	19 035	(149)	14 313	-	-	(17 229)	(149)	-	-	24 186	-

- (1) - indicate the reporting year
- (2) - indicate the previous year

5.3.7. Availability and movement of the right-of-use asset

Index name	Code	Period	Effect of one-time inter-reporting period adjustment				At the beginning of the year				Changes over the period								At the end of the period				
			initial cost	accumulated depreciation and impairment	residual value	initial cost	accumulated depreciation and impairment	residual value	Initial cost				received				retired				initial cost	accumulated depreciation and impairment	
									received	retired	received	retired	received	retired	received	retired	received	retired	received	retired			
Right-of-use asset - total			4	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
	7200	for 2022	-	4 228 736	-	4 228 736	156 009	85	2 182	(28 822)	(85)	-	(1 393 316)	-	-	-	3 055	-	-	-	4 358 105	(1 390 261)	2 967 844
	7210	for 2021	4 228 736	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 228 736	-	4 228 736
including:																							
land and buildings	72011	for 2022	-	857 886	-	857 886	31 779	85	(14 370)	(7 493)	-	-	(527 897)	-	-	-	1 272	-	-	-	857 887	(285 853)	602 034
	72111	for 2021	857 886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	857 886
power lines and relevant devices	72012	for 2022	-	1 886 254	-	1 886 254	39 464	-	1 962	(7 333)	-	-	(628 062)	-	-	-	931	-	-	-	1 920 337	(627 131)	1 293 206
	72112	for 2021	1 886 254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 886 254	-	1 886 254
machines and equipment	72013	for 2022	-	700 117	-	700 117	83 843	-	11 458	(894)	-	-	(238 873)	-	-	-	302	-	-	-	794 524	(238 521)	556 003
	72113	for 2021	700 117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700 117	-	700 117
other	72014	for 2022	-	784 379	-	784 379	1 133	-	3 132	(13 302)	(85)	-	(259 284)	-	-	-	900	-	-	-	775 257	(258 794)	516 473
	72114	for 2021	784 379	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	784 379	-	784 379

(1) - indicate the reporting year  
(2) - indicate the previous year

5.4. Financial investments

5.4.1. Availability and movement of financial investments

Index name	Code	Period	At the beginning of the			Changes over the period					At the end of the period	
			initial cost	adjustment accumulated	received	retired (redeemed)		accrual of interest (including bringing the initial cost to face value)	current market value (impairment loss)	initial cost	adjustment accumulated	
						initial cost	adjustment accumulated					
1	2	3	4	5	6	7	8	9	10	11	12	
Long-term FI - total	5301	for 20 22	45 690	(5 850)	-	-	-	-	5 848	45 690	(2)	
	5311	for 20 21	45 690	(14 111)	-	-	-	-	8 261	45 690	(5 850)	
Contributions to authorized (share) capitals of other companies - total	53021	for 20 22	45 690	(5 850)	-	-	-	-	5 848	45 690	(2)	
	53121	for 20 21	45 690	(14 111)	-	-	-	-	8 261	45 690	(5 850)	
including:												
daughter companies	530211	for 20 22	45 687	(5 848)	-	-	-	-	5 848	45 687	-	
	531211	for 20 21	45 687	(14 109)	-	-	-	-	8 261	45 687	(5 848)	
dependent companies	530212	for 20 22	-	-	-	-	-	-	-	-	-	
	531212	for 20 21	-	-	-	-	-	-	-	-	-	
other	530213	for 20 22	3	(2)	-	-	-	-	-	3	(2)	
	531213	for 20 21	3	(2)	-	-	-	-	-	3	(2)	
State and municipal securities	53022	for 20 22	-	-	-	-	-	-	-	-	-	
	53122	for 20 21	-	-	-	-	-	-	-	-	-	
Securities of other organizations - total	53023	for 20 22	-	-	-	-	-	-	-	-	-	
	53123	for 20 21	-	-	-	-	-	-	-	-	-	
including:												
debt securities (bonds, bills)	530231	for 20 22	-	-	-	-	-	-	-	-	-	
	531231	for 20 21	-	-	-	-	-	-	-	-	-	
Loans granted	53024	for 20 22	-	-	-	-	-	-	-	-	-	
	53124	for 20 21	-	-	-	-	-	-	-	-	-	
Deposits	53025	for 20 22	-	-	-	-	-	-	-	-	-	
	53125	for 20 21	-	-	-	-	-	-	-	-	-	
Other	53026	for 20 22	-	-	-	-	-	-	-	-	-	
	53126	for 20 21	-	-	-	-	-	-	-	-	-	
Long-term FIs that have current market value - total	5302	for 20 22	-	-	-	-	-	-	-	-	-	
	5312	for 20 21	-	-	-	-	-	-	-	-	-	
Contributions to authorized (share) capitals of other companies - total	53031	for 20 22	-	-	-	-	-	-	-	-	-	
	53131	for 20 21	-	-	-	-	-	-	-	-	-	
including:												
daughter companies	530311	for 20 22	-	-	-	-	-	-	-	-	-	
	531311	for 20 21	-	-	-	-	-	-	-	-	-	
dependent companies	530312	for 20 22	-	-	-	-	-	-	-	-	-	
	531312	for 20 21	-	-	-	-	-	-	-	-	-	
other	530313	for 20 22	-	-	-	-	-	-	-	-	-	
	531313	for 20 21	-	-	-	-	-	-	-	-	-	
State and municipal securities	53032	for 20 22	-	-	-	-	-	-	-	-	-	
	53132	for 20 21	-	-	-	-	-	-	-	-	-	
Securities of other organizations - total	53033	for 20 22	-	-	-	-	-	-	-	-	-	
	53133	for 20 21	-	-	-	-	-	-	-	-	-	
including:												
debt securities (bonds, bills)	530331	for 20 22	-	-	-	-	-	-	-	-	-	
	531331	for 20 21	-	-	-	-	-	-	-	-	-	
Other	53034	for 20 22	-	-	-	-	-	-	-	-	-	
	53134	for 20 21	-	-	-	-	-	-	-	-	-	
Long-term FIs, for which the current market value is not determined - total	5303	for 20 22	45 690	(5 850)	-	-	-	-	5 848	45 690	(2)	
	5313	for 20 21	45 690	(14 111)	-	-	-	-	8 261	45 690	(5 850)	

(1) - indicate the reporting year  
(2) - indicate the previous year



5.4. Financial investments  
5.4.1. Availability and movement of financial investments (continued)

Index name	Code	Period	At the beginning of the		Changes over the period					At the end of the period	
			initial cost	adjustment accumulated	received	retired (redeemed)	accrual of interest (including bringing the initial cost to face value)	current market value (impairment loss)	initial cost	adjustment accumulated	
			4	5	6	7	8	9	10	11	12
1	2	3									
Short-term FIs - total	5305	for 20 22	-	-	-	-	-	-	-	-	-
Contributions to authorized capitals of other companies - total	5315	for 20 21	-	-	-	-	-	-	-	-	-
State and municipal securities	53061	for 20 22	-	-	-	-	-	-	-	-	-
	53161	for 20 21	-	-	-	-	-	-	-	-	-
	53062	for 20 22	-	-	-	-	-	-	-	-	-
	53162	for 20 21	-	-	-	-	-	-	-	-	-
Securities of other organizations - total	53063	for 20 22	-	-	-	-	-	-	-	-	-
including:	53163	for 20 21	-	-	-	-	-	-	-	-	-
debt securities (bonds, bills)	530631	for 20 22	-	-	-	-	-	-	-	-	-
	531631	for 20 21	-	-	-	-	-	-	-	-	-
Loans granted	53064	for 20 22	-	-	-	-	-	-	-	-	-
	53164	for 20 21	-	-	-	-	-	-	-	-	-
Deposits	53065	for 20 22	-	-	-	-	-	-	-	-	-
	53165	for 20 21	-	-	-	-	-	-	-	-	-
Other	53066	for 20 22	-	-	-	-	-	-	-	-	-
	53166	for 20 21	-	-	-	-	-	-	-	-	-

Index name	Code	Period	At the beginning of the		Changes over the period					At the end of the period	
			initial cost	adjustment accumulated	received	retired (redeemed)	accrual of interest (including bringing the initial cost to face value)	current market value (impairment loss)	initial cost	adjustment accumulated	
			4	5	6	7	8	9	10	11	12
1	2	3									
Short-term FIs that have current market value - total	5306	for 20 22	-	-	-	-	-	-	-	-	-
Contributions to authorized (share) capitals of other companies - total	5316	for 20 21	-	-	-	-	-	-	-	-	-
State and municipal securities	53071	for 20 22	-	-	-	-	-	-	-	-	-
	53171	for 20 21	-	-	-	-	-	-	-	-	-
Securities of other organizations - total	53072	for 20 22	-	-	-	-	-	-	-	-	-
including:	53172	for 20 21	-	-	-	-	-	-	-	-	-
debt securities (bonds, bills)	53073	for 20 22	-	-	-	-	-	-	-	-	-
	53173	for 20 21	-	-	-	-	-	-	-	-	-
Other	530731	for 20 22	-	-	-	-	-	-	-	-	-
	531731	for 20 21	-	-	-	-	-	-	-	-	-
Short-term FIs, for which the current market value is not determined - total	53074	for 20 22	-	-	-	-	-	-	-	-	-
	53174	for 20 21	-	-	-	-	-	-	-	-	-
Financial investments - total	5307	for 20 22	45 690	(5 850)	-	-	-	-	5 848	45 690	(2)
	5317	for 20 21	45 690	(14 111)	-	-	-	-	8 261	45 690	(5 850)

(1) - indicate the reporting year  
(2) - indicate the previous year

5.4.2. Adjustments to estimates of financial investments

Indicator		At the beginning of the year	Changes over the period			At the end of the period
Name	Code		Increase	Decrease	Retirement upon write-off of FI	
1	2	3	4	5	6	7
<b>Long-term financial investments</b>	7100	(5 850)	5 848	-	-	(2)
The difference between the current market value of financial investments and their initial valuation	7110	-	-	-	-	-
<i>including:</i>						
Contributions to authorized (share) capitals of other companies - total	7111	-	-	-	-	-
<i>including:</i>						
daughter companies	71111	-	-	-	-	-
dependent companies	71112	-	-	-	-	-
other	71113	-	-	-	-	-
State and municipal securities	7112	-	-	-	-	-
Securities of other organizations - total	7113	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	71131	-	-	-	-	-
Other	7114	-	-	-	-	-
The difference between the current value of debt securities and their initial cost	7120	-	-	-	-	-
<i>including:</i>						
Securities of other organizations - total	7121	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	71211	-	-	-	-	-
Other	7122	-	-	-	-	-
Provision for depreciation of financial investments for which the market value is not determined	7130	(5 850)	5 848	-	-	(2)
<i>including:</i>						
Contributions to authorized (share) capitals of other companies - total	7131	(5 850)	5 848	-	-	(2)
<i>including:</i>						
daughter companies	71311	(5 848)	5 848	-	-	-
dependent companies	71312	-	-	-	-	-
other	71313	(2)	-	-	-	(2)
State and municipal securities	7132	-	-	-	-	-
Securities of other organizations - total	7133	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	71331	-	-	-	-	-
Loans granted	7134	-	-	-	-	-
Deposits	7135	-	-	-	-	-
Other	7136	-	-	-	-	-

Indicator		At the beginning of the year	Changes over the period			At the end of the period
Name	Code		Increase	Decrease	Retirement upon write-off of FI	
1	2	3	4	5	6	7
<b>Short-term financial investments</b>	7200	-	-	-	-	-
The difference between the current market value of financial investments and their initial estimate, by which it was determined	7210	-	-	-	-	-
<i>including:</i>						
Contributions to authorized (share) capitals of other companies - total	7211	-	-	-	-	-
<i>including:</i>						
daughter companies	72111	-	-	-	-	-
dependent companies	72112	-	-	-	-	-
other	72113	-	-	-	-	-
Securities of other organizations - total	7212	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	72121	-	-	-	-	-
Other	7213	-	-	-	-	-
The difference between the current value of debt securities and their initial cost	7220	-	-	-	-	-
<i>including:</i>						
Securities of other organizations - total	7221	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	72211	-	-	-	-	-
Other	7222	-	-	-	-	-
Provision for depreciation of financial investments that do not have a market value	7230	-	-	-	-	-
<i>including:</i>						
Contributions to authorized (share) capitals of other companies - total	7231	-	-	-	-	-
<i>including:</i>						
daughter companies	72311	-	-	-	-	-
dependent companies	72312	-	-	-	-	-
other	72313	-	-	-	-	-
State and municipal securities	7232	-	-	-	-	-
Securities of other organizations - total	7233	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, bills)	72331	-	-	-	-	-
Loans granted	7234	-	-	-	-	-
Deposits	7235	-	-	-	-	-
Other	7236	-	-	-	-	-

**5.4.3. Other use of financial investments \***

Index name	Code	As of December 31 2022 (1)	As of December 31 2021 (2)	As of December 31 2020 (3)
1	2	3	4	5
Pledged financial investments - total	5320			
including:				
bonds	5321			
bills	5322			
shares	5323			
Financial investments transferred to third parties (except for sale) - total	5325			
including:				
bonds	5326			
bills	5327			
shares	5328			
Other use of financial investments	5329			

- (1) - indicate the reporting date of the reporting period
- (2) - indicate the previous year
- (3) - indicate the year preceding the previous one

**5.5. Inventories**  
**5.5.1. Availability and movement of stocks**

Index name	Code	Period	Effect of one-time inter-reporting period adjustment		At the beginning of the year		Changes over the period				At the end of the period		
			prime cost	reserve amount for impairment	prime cost	reserve amount for impairment	receipt and costs	retired	of losses due to cost reduction	turnover of stocks between groups (types) thereof	prime cost	reserve amount for impairment	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Stocks - total	5400	for 2022	-	-	1 926 407	(1 543)	3 849 479	(3 800 559)	668	(50 716)	x	1 975 327	(51 591)
feedstock and materials	5420	for 2021	(124 024)	-	1 914 678	(4 630)	3 411 692	(3 275 939)	3 722	(635)	x	1 926 407	(1 543)
unfinished production goods	5401	for 2022	-	-	1 926 407	(1 543)	3 849 479	(3 800 559)	668	(50 716)	-	1 975 327	(51 591)
goods shipped	5421	for 2021	(124 024)	-	1 914 678	(4 630)	3 411 692	(3 275 939)	3 722	(635)	-	1 926 407	(1 543)
finished goods and products	5402	for 2022	-	-	-	-	-	-	-	-	-	-	-
other stocks and expenses	5403	for 2021	-	-	-	-	-	-	-	-	-	-	-
	5423	for 2022	-	-	-	-	-	-	-	-	-	-	-
	5404	for 2021	-	-	-	-	-	-	-	-	-	-	-
	5424	for 2022	-	-	-	-	-	-	-	-	-	-	-
	5405	for 2021	-	-	-	-	-	-	-	-	-	-	-
	5425	for 2022	-	-	-	-	-	-	-	-	-	-	-

- (1) - indicate the reporting year
- (2) - indicate the previous year



5.5.2. Pledged stocks

Index name	Code	As of december 31, 2022	As of december 31, 2021	As of December 31, 2020
1	2	3	4	5
Stocks not paid for at the reporting date - total	5440	-	-	-
including:				
feedstock and materials	5441	-	-	-
unfinished production goods	5442	-	-	-
goods shipped	5443	-	-	-
finished goods and products	54441	-	-	-
other stocks and expenses	54442	-	-	-
Stocks pledged under the contract - total	5445	-	-	-
including:				
feedstock and materials	5446	-	-	-
goods shipped	5447	-	-	-
finished goods and products	5448	-	-	-
other stocks and expenses	5449	-	-	-

(1) - indicate the reporting date of the reporting period  
 (2) - indicate the previous year  
 (3) - indicate the year preceding the previous one

5.6 Accounts receivable and payable

5.6.1. Availability and movement of receivables

Index name	Code	Period	At the beginning of the year		Changes over the period								At the end of the period	
			accounted for under the terms of the contract	reserve amount for doubtful debts	as a result of business transactions (the amount of debt under the transaction)	receipt	due interest, penalties and other accruals	reserve accrual	redemption	write-off at the expense of the reserve previously accrued	retirement	write-off to financial result	reserve recovery	transfer from long-term into short-term debts
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Long-term receivables - total</b>	5501	for 20 22	19 042	-	111 012	-	(75 848)	(11 047)	-	-	10 000	(10 074)	108 933	(65 848)
including:	5521	for 20 21	23 124	-	8 314	-	-	(1 923)	-	-	-	(10 473)	19 042	-
Settlements with buyers and customers	5502	for 20 22	1 819	-	33 303	-	(31 958)	(32)	-	-	-	(1 891)	33 199	(31 958)
including:	5522	for 20 21	445	-	2 852	-	-	-	-	-	-	(1 478)	1 819	-
for electricity transmission	55021	for 20 22	-	-	-	-	-	-	-	-	-	-	-	-
for utility connection	55221	for 20 21	-	-	-	-	-	(32)	-	-	-	(1 891)	1 241	-
for the organization of the functioning and development of the UES of Russia in terms of the distribution electric grid complex	55023	for 20 22	-	-	-	-	-	-	-	-	-	(1 033)	1 819	-
for the resale of electricity and capacity	55223	for 20 21	-	-	-	-	-	-	-	-	-	-	-	-
for rental income	55025	for 20 22	-	-	-	-	-	-	-	-	-	-	-	-
for others	55225	for 20 21	-	-	-	-	(31 958)	-	-	-	-	-	31 958	(31 958)
	55226	for 20 21	445	-	-	-	-	-	-	-	-	(445)	-	-



Index name	Code	Period	At the beginning of the year						Changes over the period						At the end of the period			
			4	5	6	7	8	9	10	11	12	13	14	15				
debt of participants (founders) on contributions to the authorized capital	5514	for 20 22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt of subsidiaries and affiliates on dividends	5534	for 20 21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables including:	5515	for 20 22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
interest-free bills	5535	for 20 21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
overpayment of taxes and fees	5516	for 20 22	1 398 795	(777 989)	1 008 408	-	(97 339)	(265 402)	(63 355)	(782)	32 477	8 183	2 085 847	2 085 847	8 183	2 085 847	(779 496)	(777 989)
sale of property	5536	for 20 21	1 603 892	(705 208)	306 961	-	(124 208)	(500 800)	(19 982)	(271)	31 445	8 995	1 398 795	1 398 795	8 995	1 398 795	(777 989)	(777 989)
other	5517	for 20 22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the total amount of short-term receivables:	5537	for 20 22	7 568	-	17 360	-	-	(7 435)	(7 435)	-	-	-	17 493	17 493	-	17 493	-	-
debt of daughter companies	5537	for 20 21	12 215	-	5 758	-	-	(10 405)	(10 405)	-	-	-	7 568	7 568	-	7 568	-	-
debt of dependent companies	55172	for 20 21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5500	for 20 22	9 037 659	(2 490 301)	2 362 618	-	(787 528)	(1 131 619)	(70 872)	(783)	636 088	-	10 197 003	10 197 003	-	10 197 003	(2 570 869)	(2 570 869)
	5520	for 20 21	10 537 879	(1 990 679)	1 104 208	-	(607 842)	(2 578 202)	(25 955)	(271)	82 265	-	9 037 659	9 037 659	-	9 037 659	(2 490 301)	(2 490 301)

(1) - indicate the reporting year  
(2) - indicate the previous year

5.6.3. Overdue accounts receivable

Index name	Code	As of december 31, 2022		As of december 31, 2021		As of December 31, 2020	
		accounted for under the terms of the contract	book value (excluding allowance for doubtful debts)	accounted for under the terms of the contract	book value (excluding allowance for doubtful debts)	accounted for under the terms of the contract	book value (excluding allowance for doubtful debts)
1	2	3	4	5	6	7	8
which is expected to be paid within 12 months after the reporting date	564	2 876 165	677 297	2 776 407	1 061 557	4 310 833	2 645 352
including: buyers and customers, including	5641	1 939 975	522 972	1 807 509	872 191	3 205 125	2 248 711
for electricity transmission	56411	1 796 945	475 573	1 609 132	799 827	3 044 095	2 209 092
for utility connection	56412	32 501	12 105	29 444	7 985	36 480	9 014
for the organization of the functioning and development of the UES of Russia in terms of the distribution electric grid complex	56413	-	-	-	-	-	-
for the resale of electricity and capacity	56414	-	-	-	-	-	-
for rental income	56415	54 978	22 995	54 583	19 851	44 425	19 215
other	56416	55 551	12 299	114 350	44 528	80 125	11 390
bills receivable	5642	-	-	-	-	-	-
debt of subsidiaries and affiliates on dividends	5643	-	-	-	-	-	-
debt of participants (founders) on contributions to the authorized capital	5644	-	-	-	-	-	-
advances issued	5645	25 677	23 304	5 832	2 179	12 392	8 386
other receivables	5646	910 513	131 021	963 066	187 187	1 093 316	388 255

(1) - indicate the reporting date of the reporting period  
(2) - indicate the previous year  
(3) - indicate the year preceding the previous one







Index name	Code	Period	Effect of one-time inter-reporting period adjustment	Balance at the beginning of the year	Changes over the period					Balance at the end of the period
					receipt	redemption	write-off to financial result	transfer from long-term debt into short-term debt		
1	2	3	4	5	6	7	8	9	10	11
Bills payable	5664	for 20 22 (1)		-						-
	5664	for 20 21 (2)		-						-
Debt to state off-budget funds	5665	for 20 22 (1)		-						-
	5665	for 20 21 (2)		-						-
Settlements with regard to taxes and fees	5666	for 20 22 (1)		-						-
	5666	for 20 21 (2)		-						-
Arrears to the staff of the organization	5667	for 20 22 (1)		-						-
	5667	for 20 21 (2)		-						-
Other accounts payable	5668	for 20 22 (1)		-						-
	5668	for 20 21 (2)		-						-
Settlement of lease obligations	5669	for 20 22 (1)		-						-
	5669	for 20 21 (2)		-						-

5.6.6. Overdue accounts payable

Index name	Code	As of December 31 2022	As of December 31 2021	As of December 31 2020
1	2	3	4	5
<b>V. SHORT-TERM LIABILITIES</b>				
Accounts payable		5 684 265	3 778 831	3 734 448
including:				
Settlements with suppliers and contractors	5691	5 034 180	3 188 311	2 774 790
including				
construction	56911	1 696 399	712 884	644 377
other	56912	3 337 781	2 475 427	2 130 413
Bills payable	5692	-	-	-
Payroll arrears to staff	5693	-	-	-
Debt to state off-budget funds	5694	-	-	-
Debt on taxes and fees	5695	-	-	-
Advances received	5696	427 795	394 607	447 724
Debt to participants (founders) for the payment of income	5697	-	-	-
Other accounts payable	5698	222 290	195 913	511 934

- (1) - indicate the reporting date of the reporting period
- (2) - indicate the previous year
- (3) - indicate the year preceding the previous one



5.6.7. Credits and loans

Index name	Code	Period	At the beginning of the year	Changes over the period					At the end of the period
				Receipt	Interest accrual	Redemption of the principal amount of the debt	Interest redemption	Transfer from long-term into short-term debt	
1	2	3	4	5	6	7	8	9	10
<b>Long-term borrowings - total</b>	7410	for 20 22	16 036 315	14 682 503	-	(6 061 727)	-	(7 725 548)	16 931 543
	7430	for 20 21	17 882 922	17 894 477	-	(19 741 084)	-	-	16 036 315
including:									
Credits	7411	for 20 22	14 636 315	14 682 503	-	(6 061 727)	-	(7 725 548)	15 531 543
	7431	for 20 21	16 482 922	17 894 477	-	(19 741 084)	-	-	14 636 315
Loans	7412	for 20 22	1 400 000	-	-	-	-	-	1 400 000
	7432	for 20 21	1 400 000	-	-	-	-	-	1 400 000
<b>Short-term borrowings - total</b>	7420	for 20 22	4 834 192	1 000 698	2 379 171	(9 554 489)	(2 394 839)	7 725 548	3 990 281
	7440	for 20 21	5 553 866	6 020 569	1 580 336	(6 620 569)	(1 700 010)	-	4 834 192
including:									
Credits	7421	for 20 22	-	1 000 698	-	(4 754 489)	-	7 725 548	3 971 757
	7441	for 20 21	-	1 220 569	-	(1 220 569)	-	-	-
Interest on credits	74211	for 20 22	8 231	-	1 762 480	-	(1 770 356)	-	355
	74411	for 20 21	-	-	1 279 084	-	(1 270 853)	-	8 231
Loans	7422	for 20 22	4 825 961	-	616 691	(4 800 000)	(624 483)	-	18 169
	7442	for 20 21	5 553 866	4 800 000	301 252	(5 400 000)	(429 157)	-	4 825 961

(1) - indicate the reporting year  
(2) - indicate the previous year

	Check:		
Long-term borrowings - total	for 20 22 . (1)	-	-
	for 20 21 . (2)	-	-
Short-term borrowings - total	for 20 22 . (1)	-	-
	for 20 21 . (2)	-	-

5.6.8. Credit and loan costs

Indicator		For long-term credits and loans	For short-term credits and loans
Name	Code		
1	2	3	4
Total credit costs:	7510	1 484 410	278 070
written off to other expenses	7511	1 470 936	272 300
included in the cost of assets	7512	13 474	5 770
Total loan costs:	7520	98 980	517 711
written off to other expenses	7521	98 980	494 974
included in the cost of assets	7522	-	22 737
Of the total costs of loans and credits:	7530	1 583 390	795 781
accrued interest	7531	1 583 390	795 781
other expenses	7532	-	-

## 5.7.1. Estimated liabilities

Indicator		Balance at the beginning of the year	Recognized	Redeemed	Written off as an excess sum	Balance at the end of the period
Name	Code					
1	2	3	4	5	6	7
<b>Estimated liabilities - total</b>	5700	2 802 883	1 846 346	(1 414 770)	(876 060)	2 358 399
including:						
Payment for upcoming vacations	5701	330 958	599 208	(559 388)		370 778
Payment of remuneration for the results of the year	5702	415 390	464 941	(328 559)	-	551 772
Litigation pending at the reporting date	5703	276 278	221 867	(22 274)	(156 251)	319 620
Claims of tax authorities based on the results of tax inspections not resolved at the reporting date	5704	559 578	173 376	-	(559 578)	173 376
Other estimated liabilities	5705	1 220 679	386 954	(504 549)	(160 231)	942 853
<b>Of the total amount of contingent liabilities:</b>						
Those created at the expense of costs of ordinary activities	5706	1 395 974				
Those created at the expense of other costs	5707	393 814				
Those included in the cost of the asset	5708	56 558				

Check:

<b>Estimated liabilities - total</b>	5700	-	
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## 5.7.2. Deferred taxes

Name	Code	Deferred tax assets	Deferred tax liabilities
1	2	3	4
Balance at the beginning of the reporting year	7700	2 429 612	3 610 868
Change in the timing differences in the reporting period with tax consequences	7710	(208 017)	139 898
Result of changes in tax rates	7720	-	-
Result of changing the taxation rules (the procedure for accounting for income tax)	7730	-	-
Change in the timing differences in the reporting period on transactions, the results of which are not included in accounting profit (loss)	7740	-	-
Write-off of the timing differences without tax consequences	7750	(21 069)	(3 787)
<i>For reference: recognition (write-off) of deferred tax assets due to the fact that the probability that the organization will receive taxable profit in subsequent reporting periods has changed</i>	7760	-	x
Balance at the end of the reporting period	7800	2 200 526	3 746 979

## 5.8. Provisions

Indicator		As of december	As of December	As of December
Name	Code	31, 2022	31	31
1	2	3	4	5
Those received - total	5800	1 781 328	1 770 906	549 501
including:				
bills	5801	-	-	-
pledged-in property	5802	-	-	107
including:				
fixed assets	58021	-	-	107
securities and other financial investments	58022	-	-	-
other	58023	-	-	-
other received	5803	1 781 328	1 770 906	549 394
Those issued under own obligations – total	5810	-	-	-
including:				
bills	5811	-	-	-
pledged-out property	5812	-	-	-
including:				
fixed assets	58121	-	-	-
securities and other financial investments	58122	-	-	-
other	58123	-	-	-
other issued	5813	-	-	-

(1) - indicate the reporting date of the reporting period

(2) - indicate the previous year

(3) - indicate the year preceding the previous one

## 5.9. State assistance

Index name	Code	2022				2021			
		At the beginning of the year	Received during the year	Returned during the year	At the end of the year	At the beginning of the year	Received during the year	Returned during the year	At the end of the year
Budget funds received - total	5900	-	6 003	(6 003)	-	-	6 494	(6 494)	-
including:									
for current expenses	5901	-	1 224	(1 224)	-	-	1 291	(1 291)	-
compensation to Chernobyl victims	5902	-	-	-	-	-	-	-	-
to fulfill tasks for mobilization training	5903	-	-	-	-	-	-	-	-
to eliminate inter-territorial cross-subsidization	5904	-	-	-	-	-	-	-	-
for investments in non-current assets	5905	-	-	-	-	-	-	-	-
for other purposes	5906	-	4 779	(4 779)	-	-	5 203	(5 203)	-
including:									
financing of preventive measures to reduce occupational injuries and professional diseases	5911	-	-	-	-	-	-	-	-
financing of in-depth medical examinations of employees engaged in work with harmful and (or) hazardous production factors	5912	-	-	-	-	-	-	-	-

(1) - indicate the reporting year

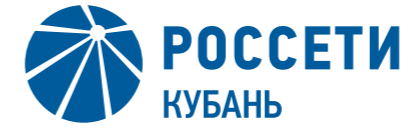
(2) - indicate the previous year



## 5.11. Other income and expenses

Indicator		For 2022	For 2021
Name	Code		
1	2		
<b>Other income total</b>	8000	3 557 740	1 413 802
including:			
From the sale of fixed assets, except for apartments	8001	52 281	1 959
From the sale of apartments	8002	-	-
From the sale of the material production inventories	8003	9 841	13 781
From the sale of currency	8004	-	-
From the sale of intangible assets	8005	-	-
From the sale of securities	8006	-	-
From the sale of other assets	8007	-	-
From joint activities	8008	-	-
Profit for 2021, which was revealed in the reporting period	8009	199 492	-
Profit for 2020, which was revealed in the reporting period	8010	28 068	107 757
Profit for 2019, which was revealed in the reporting period	8011	5 167	14 260
Profit before 01.01.2019, which was revealed in the reporting period	8012	221 904	221 031
Penalties, fines and forfeits recognized or those, for which decisions of the court (arbitration court) on their collection were received	8013	468 105	323 976
Accounts payable, for which the limitation period expired (more than three years)	8014	57 629	32 304
Exchange differences	8015	-	-
Property found to be in surplus as a result of inventory reconciliation	8016	188	4 540
Assets received free of charge, others than fixed assets and intangible assets	8017	6 019	7 711
Income from gratuitously received fixed assets, which is determined in the prescribed manner	8018	16 046	25 822
The cost of tangible assets that remain from the write-off of assets that are unsuitable for recovery and further use	8019	6 100	3 934
Revaluation of financial investments according to the current market value	8020	-	-
Income from reduction (write-off) of provision for doubtful debts	8021	636 088	82 265
Income from reduction (write-off) of estimated liabilities	8022	876 060	59 716
Income from the reduction (write-off) of the provision for depreciation of the value of inventories	8023	676	3 863
Income from contracts of assignment of the right to claim	8024	-	-
Income from identified non-contractual consumption of electricity	8025	38 905	68 476
Insurance claims receivable	8026	566 521	160 699
Income associated with participation in the management companies of other organizations	8027	-	-
Recovery of previously written off receivables	8028	122	88
Discount on bills of exchange	8029	-	-
Compensation for the difference in tariffs (budget funding)	8030	-	-
Income from the reduction (write-off) of the impairment reserve of financial investments	8031	5 848	8 261
Revaluation of fixed assets	8032	-	-
Income from the revaluation of previously discounted fixed assets	8033	-	-
Income from redemption of bills of exchange	8034	-	-
Income from the termination of lease contract	8035	262	-
Rental interest income	8036	-	-
Other	8037	362 418	273 359

Indicator		For 2022	For 2021
Name	Code		
1	2		
<b>Other expenses total</b>	8100	(4 409 261)	(4 825 874)
including:			
From the sale of fixed assets, except for apartments	8101	(11 580)	(1 849)
From the sale of apartments	8102	-	-
From the sale of the material production inventories	8103	(8 112)	(11 305)
From the sale of currency	8104	-	-
From the sale of intangible assets	8105	-	-
From the sale of securities	8106	-	-
From the sale of other assets	8107	-	-
Other taxes	8108	-	-
Bank service charges	8109	(753)	(580)
Expenses for servicing financial investments	8110	-	-
Allowance for doubtful debts	8111	(787 528)	(608 897)
Impairment reserve of financial investments	8112	-	-
Impairment reserve of tangible assets	8113	(121 696)	(876)
Provision for discontinued operations	8114	-	-
Provision for estimated liabilities	8115	(241 557)	(273 716)
Retirement of assets without income	8116	-	(16 900)
VAT on donated property	8117	-	-
Loss for 2021, which was revealed in the reporting period	8118	(382 270)	-
Loss for 2020, which was revealed in the reporting period	8119	(163 150)	(504 701)
Loss for 2019, which was revealed in the reporting period	8120	(255 527)	(565 434)
Loss before 01.01.2019, which was revealed in the reporting period	8121	(155 039)	(408 516)
Penalties, fines and forfeits recognized or those, for which decisions of the court (arbitration court) on their collection have been received	8122	(42 093)	(30 456)
State duties on business contracts	8123	(16 741)	(12 606)
Revaluation of financial investments according to the current market value	8124	-	-
Discount on bills of exchange	8125	-	-
Expenses under contracts of assignment of the right to claim	8126	-	-
Non-refundable VAT	8127	(3 455)	(22 305)
Expenses for identified non-contractual consumption of electricity	8128	-	-
Contributions to associations and foundations	8129	(3 323)	(3 207)
Accounts receivable, for which the limitation period expired (more than three years)	8130	(783)	(271)
Exchange differences	8131	-	-
Legal costs	8132	(2 790)	(3 450)
Theft, shortage	8133	-	(167)
Enforcement costs	8134	-	-
Repayment of the cost of employees' apartments	8135	-	-
Other material (financial) assistance and other payments to employees	8136	(382 645)	(337 595)
Financial assistance to pensioners (including one-time payments, compensation on utility bills)	8137	(8 658)	(9 174)
Spending on sporting events	8138	(10 277)	(3 296)
Expenses for holding cultural and educational events	8139	(8 401)	(11 958)
Charity spending	8140	(22 992)	-
The value of bills to be redeemed	8141	-	-
Residual value of decommissioned fixed assets	8143	(31 444)	-
Depreciation of fixed assets	8144	-	-
Depreciation of the right-of-use asset	8145	-	-
Expenses from the termination of lease contract	8146	(5)	-
Other	81478	(1 748 442)	(1 998 615)



ROSSETI KUBAN  
PUBLIC JOINT STOCK COMPANY  
(ROSSETI KUBAN PJSC)

NOTES  
TO THE ACCOUNTING (FINANCIAL) STATEMENTS  
FOR 2022

Krasnodar  
2023

5.13. Information on reportable segments

1	2	3	4	5	6	7	8	9	10
	Code	Period	Electric power transmission	Grid connection	Reporting segment name	Reporting segment name	Reporting segment name	Other segments	Total
Revenue from external buyers	8310	2022	61 452 874	1 282 050	-	-	-	1 003 933	63 738 857
	8311	2021	54 526 276	2 347 653	-	-	-	795 815	57 669 744
Sales proceeds between segments	8320	2022	-	-	-	-	-	-	-
	8321	2021	-	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>8300</b>	<b>2022</b>	<b>61 452 874</b>	<b>1 282 050</b>	-	-	-	<b>1 003 933</b>	<b>63 738 857</b>
including	<b>8400</b>	<b>2021</b>	<b>54 526 276</b>	<b>2 347 653</b>	-	-	-	<b>795 815</b>	<b>57 669 744</b>
transmission revenue	8301	2022	61 452 874	-	-	-	-	-	61 452 874
	8401	2021	54 526 276	-	-	-	-	-	54 526 276
revenue due to utility connection	8302	2022	-	1 282 050	-	-	-	-	1 282 050
revenue due to the resale of electricity and capacity	8402	2021	-	2 347 653	-	-	-	-	2 347 653
other revenue	84021	2022	-	-	-	-	-	-	-
	84022	2021	-	-	-	-	-	-	-
Interest receivable	8303	2022	-	-	-	-	-	-	-
	8403	2021	-	-	-	-	-	-	-
Interest payable	8304	2022	2 662 572	-	-	-	-	-	2 662 572
	8404	2021	1 552 608	-	-	-	-	-	1 552 608
Income tax expense	8305	2022	1 704 481	172 051	-	-	-	59 420	1 935 952
	8405	2021	523 092	457 767	-	-	-	6 061	986 920
<b>Segment profit/(loss)</b>	<b>8306</b>	<b>2022</b>	<b>4 725 107</b>	<b>448 133</b>	-	-	-	<b>71 237</b>	<b>5 244 477</b>
	<b>8406</b>	<b>2021</b>	<b>1 076 192</b>	<b>972 195</b>	-	-	-	<b>(336 553)</b>	<b>1 711 834</b>
<b>Segment assets</b>	<b>8307</b>	<b>2022</b>	<b>92 107 730</b>	<b>1 978 808</b>	-	-	-	<b>1 780 756</b>	<b>95 867 294</b>
including non-current assets	<b>8407</b>	<b>2021</b>	<b>82 765 965</b>	<b>1 460 106</b>	-	-	-	<b>1 252 670</b>	<b>85 478 741</b>
	8308	2022	77 618 628	1 723 676	-	-	-	1 282 168	80 624 472
	8408	2021	71 951 738	1 304 014	-	-	-	806 483	74 062 235
<b>Segment liabilities</b>	<b>8309</b>	<b>2022</b>	<b>84 352 393</b>	<b>8 666 498</b>	-	-	-	<b>2 848 403</b>	<b>95 867 294</b>
	<b>8409</b>	<b>2021</b>	<b>79 255 899</b>	<b>4 771 140</b>	-	-	-	<b>1 451 702</b>	<b>85 478 741</b>
<b>Depreciation of fixed assets and intangible assets</b>	<b>8390</b>	<b>2022</b>	<b>4 728 044</b>	<b>98 092</b>	-	-	-	<b>78 474</b>	<b>4 904 610</b>
	<b>8490</b>	<b>2021</b>	<b>4 507 462</b>	<b>69 416</b>	-	-	-	<b>50 906</b>	<b>4 627 784</b>

Rosseti Kuban PJSC

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Rosseti Kuban PJSC

## 1. GENERAL PROVISIONS

Rosseti Kuban PJSC (hereinafter - Company) is the largest electric grid company in the territory of the Krasnodar Territory and the Republic of Adygea, transmitting and distributing electricity through electric networks with a voltage of 110 kV and below between settlements, in rural settlements and individual cities and district centers of the Krasnodar Territory and the Republic of Adygea, including Sochi.

**Full name:** Rosseti Kuban Public Joint Stock Company.

**Abbreviated name:** **Rosseti Kuban PJSC.**

Registered on February 10, 1993.

Entered in the Unified State Register of Legal Entities by the Inspectorate of the Federal Tax Service of Russia No. 3 in Krasnodar No. 1022301427268 on September 17, 2002. Certificate 23 No. 001806938

**INN (KPP):** 2309001660 (997650001).

**Organizational and legal form/form of ownership of Rosseti Kuban PJSC**

- Public Joint Stock Company (OKOPF Code 47 )/private property (OKFS Code 16).

**Location (legal address) of Rosseti Kuban PJSC** - 350033, Russian Federation, Krasnodar, Stavropol str., 2A.

**The main activities of the Company are:**

- services for transmission and distribution of electric energy in networks;
- utility connection services to distribution power grids.

Table 1 - Permits (licenses) to individual types of work

Type of activity	Issuing authority	Details	Validity period
1	2	3	4
Right to use subsoil (production of fresh groundwater for domestic and drinking process water supply system in Krasnodar)	Ministry of natural resources of the Krasnodar Territory	KRD No. 80383 VE	November 30, 2015 - July 20, 2034
Right to use subsoil (production of fresh groundwater for drinking water supply in the Tver station of Absheron district of Krasnodar Territory)	Ministry of natural resources of the Krasnodar Territory	KRD No. 80380VE	October 26, 2015 - January 1, 2035
Carrying out works related to the use of information constituting state secrets	Directorate of the Russian Federal Security Service in the Krasnodar Territory	GT 0084635, registration number 2050	August 31, 2020 - July 13, 2023
Transportation by buses of other persons of the licensee for their own needs	Rostransnador of the Ministry of Transportation of Russia	AN-23-000047	April 8, 2019 - perpetual

Rosseti Kuban PJSC

The accounting (financial) statements of Rosseti Kuban PJSC include performance indicators of all branches, representative offices and other divisions, namely:

Table 2 - Branches of Rosseti Kuban PJSC

No.	Name	Location
1.	Krasnodar Electric Networks	350000, Krasnodar, Pashkovskaya str., 131
2.	Sochi Electric Networks	354000, Sochi, Constitution of the USSR str., 42
3.	Armavir Electric Networks	352900, Armavir, Vorovsky str., 54
4.	Adygea Electric Networks	385000, Maykop, Shovgenov str., 358
5.	Timashev Electric Networks	352700, Timashevsk, Lenin str., 176
6.	Tikhoretsky Electric Networks	352122, Tikhoretsk, Dzerzhinsky str., 62
7.	Leningrad Electric Networks	353745, Leningradskaya station, 302 Division str., 6
8.	Slavic Electric Networks	353560, Slavyansk-on-Kuban, Stroiteley str., 49
9.	Southwest Electric Networks	353902, Novorossiysk, Vostochny Mol, 1
10.	Labinsky Electric Networks	352503, Labinsk, Mira str., 334
11.	Ust-Labinsky Electric Networks	352232, Ust-Labinsk, Krasnodarskaya str., 4

**The average number of listed employees** in Rosseti Kuban PJSC during the reporting period was 8,767 people, in the previous 2021 - 8,876 people, in 2020 - 8,959 people.

### Auditor of the Company:

Name: Center for Audit Technologies and Solutions - Audit Services Limited Liability Company  
 Legal address: 115035, Moscow, Sadovnicheskaya embankment, 77, bld. 1  
 Actual address: 115035, Moscow, Sadovnicheskaya embankment, 77, bld. 1  
 INN: 7709383532  
 OGRN: 1027739707203  
 Phone/Fax: 8 (495) 755-97-00

**The management bodies of the Company** are the General Meeting of Shareholders, the Board of Directors of the Company, the Management Board (collegial executive body of the Company), the General Director (sole executive body of the Company).

**Acting General Director of the Company:** Ebzeev Boris Borisovich.

**Chief Accountant - Head of the Department of Accounting, Tax Accounting and Reporting:** Loskutova Lyudmila Vladimirovna.

Rosseti Kuban PJSC

**Table 3 - Composition of the Company's Board of Directors (as of December 31, 2022):**

No	Full name	Principal place of employment and position	Status in the Board of Directors of Rosseti Kuban PJSC
1.	Krainskiy Daniil Vladimirovich	Deputy General Director for Legal support, Rosseti PJSC	Chairman of the Board of Directors
2.	Gladkovsky Grigory Konstantinovich	Deputy Chief Engineer, Rosseti PJSC	Member of the Board of Directors
3.	Goncharov Yuri Vladimirovich	Chief Advisor to the General Director, Rosseti PJSC	Member of the Board of Directors
4.	Kazakov Aleksandr Ivanovich	—	Member of the Board of Directors
5.	Kaloeva Madina Valerievna	Corporate Management Director – Head of the Corporate Management Department, Rosseti PJSC	Member of the Board of Directors
6.	Kravchenko Konstantin Yurievich	Deputy General Director for Digital Transformation, Rosseti PJSC	Member of the Board of Directors
7.	Medvedev Mikhail Vladimirovich	Advisor to the General Director, Avangard JSC	Member of the Board of Directors
8.	Molsky Alexey Valerievich	Deputy General Director for Investment and Capital Construction, Rosseti PJSC	Member of the Board of Directors
9.	Polinov Alexey Alexandrovich	Deputy General Director for Economics and Finance, Rosseti PJSC	Member of the Board of Directors
10.	Ebzeev Boris Borisovich	Chairman of the Board, General Director of Rosseti South PJSC, Chairman of the Management Board, Acting General Director of Rosseti Kuban PJSC (part-time)	Member of the Board of Directors
11.	Yavorsky Victor Korneevich	Member of the Presidium of the Management Board of NPO OPORA of RUSSIA, General Director of TORI-AUDIT LLC	Member of the Board of Directors

Rosseti Kuban PJSC

**Table 4 - Composition of the Company Management Board (as of December 31, 2022):**

No	Full name	Place of employment and position	Status in the Management Board of Rosseti Kuban PJSC
1.	Ebzeev Boris Borisovich	Chairman of the Board, General Director of Rosseti South PJSC, Chairman of the Management Board, General Director of Rosseti Kuban PJSC (part-time)	Chairperson of the Management Board
2.	Armaganyan Edgar Garrievich	First Deputy General Director - Director of the branch of Rosseti Kuban PJSC Sochi Electric Networks	Deputy Chairman of the Management Board
3.	Dzhabrailova Yulianna Khasanovna	Deputy General Director - Chief of Staff, Rosseti South PJSC, Chief of Staff, Rosseti Kuban PJSC (part-time)	Member of Management Board
4.	Iordanidi Kirill Alexandrovich	Deputy General Director for Economics and Finance, Rosseti South PJSC, Deputy General Director for Economics and Finance, Rosseti Kuban PJSC (part-time)	Member of Management Board
5.	Korzhanovsky Victor Anatolyevich	Deputy General Director for Investment Activities, Rosseti Kuban PJSC	Member of Management Board
6.	Galinova Julia Vladimirovna	Deputy General Director for Corporate Governance, Rosseti Kuban PJSC	Member of Management Board
7.	Loskutova Lyudmila Vladimirovna	Chief Accountant - Head of the Department of Accounting, Tax Accounting and Reporting, Rosseti Kuban PJSC	Member of Management Board
8.	Mikhailov Vladimir Alexandrovich	Deputy General Director for Technical Issues - Chief Engineer, Rosseti Kuban PJSC	Member of Management Board
9.	Nishchuk Oleg Fedorovich	Deputy General Director for Services, Rosseti Kuban PJSC	Member of Management Board

The body controlling the financial and economic activities of the Company is the Board of Internal Auditors.

Rosseti Kuban PJSC

**Table 5 - Composition of the Company's Audit Commission (as of December 31, 2022):**

No	Full name	Place of employment and position	Status in the Audit Commission
1.	Kovaleva Svetlana Nikolaevna	Chairman of the Commission - Internal Audit Director - Head of Internal Audit Department, Rosseti PJSC	Chairman of the Audit Commission
2.	Rybalchenko Alexander Alexandrovich	Chairman of the Commission - Internal Audit Director - Head of Internal Audit Department, Rosseti PJSC	Member of the Audit Commission
3.	Trishina Svetlana Mikhailovna	Deputy Head of the Internal Audit Department - Head of the Corporate Audit and Control Directorate of the Subsidiary office of the Internal Audit Department, Rosseti PJSC	Member of the Audit Commission
4.	Tsarkov Viktor Vladimirovich	First Deputy Chief of the Internal Audit Department, Rosseti PJSC	Member of the Audit Commission
5.	Tsyganova Natalya Alexandrovna	Chief Expert of Corporate Audit and Control of Subsidiaries of Internal Audit Department, Rosseti PJSC	Member of the Audit Commission

**Table 6 - Major Subsidiaries and Affiliates**

Name of the Subsidiary	Share in the authorized capital (%)	Location	Type of activity
1	2	3	4
Recreation centre "Energetik" JSC	100	353490, Krasnodar Territory, Gelendzhik, settl. Divnomorskoye, str. Pioneer, 4	Organization of recreation and rehabilitation of children and adults, primarily employees of Kubanenergo PJSC and their families; organization and conduct of seminars and conferences
Energoservice of Kuban JSC	100	350080, Krasnodar Territory, Krasnodar, Novorossiyskaya str., 47	Design, installation and adjustment of power, gas and process equipment metering units, hot and cold water supply

Rosseti Kuban PJSC

## 2. MAIN PROVISIONS OF THE ACCOUNTING POLICY

The accounting (financial) statements of Rosseti Kuban PJSC were formed in accordance with the regulatory documents on accounting and reporting in force in the Russian Federation, in particular, Federal Law of December 6, 2011 No. 402-FZ "On Accounting", the Regulations for Accounting and Reporting in the Russian Federation, approved by order of the Ministry of Finance of Russia dated 29.07.1998 No. 34n (with subsequent amendments and additions), Federal accounting standards, approved by orders of the Ministry of Finance of Russia, as well as in accordance with the Corporate Standard of Rosseti PJSC "Unified Corporate Accounting Principles for Accounting Purposes".

Accounting (financial) statements are presented in thousand rubles (unless otherwise indicated). Negative indicators are shown in parentheses.

### 2.1. Foreign currency assets and liabilities

At the beginning and end of the reporting period the Company has no assets and liabilities denominated in foreign currency.

### 2.2. Research, development and technological work (R&D costs)

Accounting of expenses for research, development and technological works is carried out in accordance with PBU 17/02, approved by Order of the Ministry of Finance of Russia dated November 19, 2002 No. 115n as amended. Write-off of expenses for each R&D object is performed in a linear way.

Information on R&D costs and movements is provided in the Notes to the balance sheet and the statement of financial results in tabular forms:

- 5.2.1. "Availability and movement of R&D results";
- 5.2.2 "Unfinished and unregistered R&D and unfinished transactions for the acquisition of intangible assets".

### 2.3. Intangible Assets (IA)

Accounting of intangible assets is maintained by the Company in accordance with the Regulation on Accounting "Accounting of Intangible Assets" of PBU 14/2007, approved by Order of the Ministry of Finance of Russia dated December 27, 2007 No. 153n.

Useful life of intangible assets is determined on the basis of:

- the validity period of the Company's rights to the result of intellectual activity or means of individualization and the period of control over the asset,
- the expected life of the asset during which the Company intends to receive economic benefits.

The useful life of the IA may not exceed the life of the Company.



Rosseti Kuban PJSC

Depreciation by IA with a certain useful life is carried out in a linear way.

Information on intangible assets is given in the Notes to the balance sheet and the statement of financial results in table form 5.1.1 "Availability and movement of intangible assets".

#### 2.4. Property, plant and equipment and construction in progress

Accounting of fixed assets is maintained by the Company in accordance with the Federal Accounting Standard FSBU 6/2020 "Fixed Assets", approved by Order of the Ministry of Finance of Russia dated 17.09.2020 No. 204n.

Accounting for construction in progress is carried out by the Company in accordance with the Federal Accounting Standard FSBU 26/2020 "Capital Funds", approved by Order of the Ministry of Finance of the Russian Federation dated 17.09.2020 No. 204n, as well as in accordance with the Regulation on accounting for long-term investments (letter of the Ministry of Finance of Russia dated 30.12.1993 No. 160), in part that does not contradict the later regulatory acts of accounting.

Objects of fixed assets are taken into account at the initial cost, determined depending on the method of receipt - acquisition for a fee, creation by own resources (construction), gratuitous receipt, etc.

The costs of loans received and loans related to the formation of an investment asset (fixed assets, property complexes and other similar assets requiring a long time and expenses for acquisition and (or) construction) are included in the cost of the amortized asset.

Depreciation on fixed assets objects is accrued in a linear manner based on their useful life.

The result of disposal, write-off and gratuitous transfer of property, plant and equipment is recorded in the Statement of Financial Results as part of other income and expenses.

The registration of property received under leasing agreements is carried out in accordance with the Federal Law of October 29, 1998 No. 164-FZ "On Financial Lease (Leasing)".

The fixed assets include rights to use assets under lease agreements in accordance with the Federal Accounting Standard "Accounting for Leases" (FSBU 25/2018), taking into account exemptions in relation to lease agreements with a period of less than 12 months or rental items with a market value of not more than 300,000 rubles. The useful life of the rights to use the assets is determined on the basis of the lease terms.

The value of the right to use the asset is repaid evenly throughout the lease period (not suspended) by analogy with the depreciation accrual according to the rules accepted by the lessee in respect of own fixed assets comparable to the subject of the lease.

Interest accrued on the lease obligation is reflected in the "Interest Payable" line of the Statement of Financial Results.

Rosseti Kuban PJSC

#### 2.5. Inventories

Inventory accounting is maintained by the Company in accordance with the Federal Accounting Standard "Inventories" FSBU 5/2019, approved by order of the Ministry of Finance of the Russian Federation dated 15.11.2019 No. 180n.

Inventories are assets consumed or sold in the normal operating cycle of an organization, or used for a period of not more than 12 months.

Inventories are recognized in accounting while the following conditions are met:

- costs incurred in the acquisition or creation of inventories will ensure that the economic benefits of the organization will be realized in the future;
- the amount of costs incurred or equated to the acquisition or creation of inventory is determined.

Inventories include:

- the raw materials, materials, fuel, spare parts, components intended for use in the performance of work, provision of services;
- tools, equipment, special clothing, special equipment, packaging and other similar objects used in the performance of work, provision of services, except when these objects are considered for accounting purposes as fixed assets.

The average estimate of the actual cost of inventory issued or written off for other purposes is made by determining the actual cost of inventory at the time of issue (rolling valuation).

The Company shall create a provision for impairment of reserves in respect of all reserves of the Company, for which there are signs of obsolescence of reserves, loss of their initial qualities, reduction of their market value.

Inventory information is provided in the Notes to the balance sheet and the statement of financial results in tabular forms:

- 5.5.1. "Availability and movement of inventory";
- 5.5.2. "Pledged inventory".

Rosseti Kuban PJSC

## 2.6. Future expenses

Recognition of the expenses incurred as a future period expense and equating it with an asset as reflected in accounting and reporting belong to the principle approach established in the Company. This approach is based on an understanding of the temporal fact that the organization is likely to derive economic benefits from this asset in the future and to estimate its value with a sufficient degree of reliability.

The Company has established that the balance of expenses of future periods is reflected under the lines "Other non-current assets" and "Other current assets".

At the same time, the distribution between Section I and II of the balance sheet is based on the maturity of the corresponding expenses, that is, expenses with a maturity of more than 12 months are reflected in Section I of the balance sheet, the rest - in Section II.

## 2.7. Financial investments

Accounting of financial investments is maintained by the Company in accordance with the Regulation on Accounting "*Accounting of Financial Investments*" of PBU 19/02, approved by Order of the Ministry of Finance of Russia dated December 10, 2002 No. 126n.

Contributions to the authorized capital of other organizations are recognized as financial investments of the organization and are reflected in accounting in the amount of actual expenses of the investor, that is, in terms of the value of assets contributed to the deposit, according to which they were reflected in the balance sheet of the investor.

Financial investments, for which the current market value is not determined, shall be reflected in accounting and in the accounting statements as at the reporting date at the original cost (item 21 of PBU 19/02).

Financial investments from which it is possible to determine the current market value are reflected in the accounting statements at the end of the reporting year at the current market value by adjusting their valuation at the previous reporting date (item 20 of PBU 19/02).

Debt securities are recorded at the cost of acquisition. The difference between the nominal purchase value and the nominal value of securities is included in other income and expenses.

## 2.8. Loans and credits

Expenses on loans and credits are recorded by the Company in accordance with the Regulation on Accounting "*Accounting of Expenses on Loans and Credits*" of PBU 15/2008, approved by Order of the Ministry of Finance of Russia dated October 6, 2008 No. 107n.

Rosseti Kuban PJSC

## 2.9. Estimated liabilities

Accounting of estimated and contingent liabilities is maintained by the Company in accordance with the Regulation on Accounting "*Estimated Liabilities, Contingent Liabilities and Contingent Assets*" of PBU 8/2010, approved by Order of the Ministry of Finance of Russia dated December 13, 2010 No. 167n.

## 2.10. Deferred taxes

Deferred taxes are recorded by the Company in accordance with the Regulation on Accounting "*Accounting for Corporate Profit Tax Calculations*" of PBU 18/02, approved by Order of the Ministry of Finance of Russia dated November 19, 2002 No. 114n.

When compiling financial statements, the deferred tax asset and liabilities are reflected in the balance sheet on a gross basis.

## 2.11. Revenue and other income

Revenue and other income are recorded by the Company in accordance with the Regulation on Accounting "*Organization Revenues*" of PBU 9/99, approved by Order of the Ministry of Finance of Russia dated May 6, 1999 No. 32n.

Revenue is recognized in the Company's accounting under the following conditions:

- 1) the entity is entitled to receive this revenue arising from a particular contract or otherwise confirmed accordingly;
- 2) the amount of revenue can be determined;
- 3) there is confidence that as a result of a particular operation there will be an increase in the economic benefits of the Company. The certainty that a particular transaction will result in an increase in the economic benefits of the organization exists when the organization has received the asset or there is no uncertainty about the receipt of the asset;
- 4) ownership (possession, use and disposal) of products (goods) passed from the organization to the buyer or the work was accepted by the customer (the service was provided);
- 5) the costs incurred or to be incurred in connection with this transaction can be determined.

Rosseti Kuban PJSC

Other revenues of the Company are proceeds related to participation in authorized capital of other organizations; proceeds from the sale of property, plant and equipment and other assets; fines, penalties and forfeitures for violation of conditions of contracts; receiving assets free of charge; profit of past years; accounts payable for which the limitation period has expired; exchange rate differences and other income, as per item 7 of PBU 9/99.

Other income is shown in the income statement excluding expenses related to this income when:

- the relevant accounting rules provide for or do not prohibit such recognition of income;
- income and related expenses arising as a result of the same or similar fact of economic activity (for example, the provision of temporary use (temporary possession and use) of their assets) are not significant for characterizing the financial position of the Companies.

#### **2.12. Cost of goods, products sold, works, services, commercial expenses, management expenses, other expenses**

Expenses are recorded by the Company in accordance with the Regulation on Accounting "*Expenses of the Organization*" of PBU 10/99, approved by Order of the Ministry of Finance of Russia dated May 6, 1999 No. 33n. General administrative expenses are recognized in the cost of goods and services sold in full in the reporting period, their distribution by types of activities is carried out in proportion to revenue.

Management expenses are recorded in account 26 "General administrative expenses" by cost center and item. Management expenses are recorded in the Statement of Financial Results in the line "Management expenses".

#### **2.13. State assistance**

Accounting of funds received within the framework of state assistance is carried out by the Company in accordance with the Regulation on Accounting "*Accounting of State Assistance*" of PBU 13/2000, approved by Order of the Ministry of Finance of Russia dated October 16, 2000 No. 92 n.

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#### **2.14. Related Parties**

Information on related parties is disclosed by the Company in accordance with the Regulation on Accounting "*Information on Related Parties*" of PBU 11/2008, approved by Order of the Ministry of Finance of Russia dated April 29, 2008 No. 48n.

#### **2.15. Segment Information**

Information on segments is disclosed by the Company in accordance with the Regulation on Accounting "*Information on Segments*" of PBU 12/2010, approved by Order of the Ministry of Finance of Russia dated November 8, 2010 No. 143n.

#### **2.16. Cash Flow Information**

Information on cash flow is disclosed by the Company in accordance with the Regulation on Accounting "*Statement of Cash Flows*" of PBU 23/2011, approved by Order of the Ministry of Finance of Russia dated February 2, 2011 No. 11n.

### **3. ACCOUNTING POLICY CHANGES IN 2022**

Significant changes in the Company's Accounting Policy for 2022 are due to the beginning of application of the following federal accounting standards: FSBU 6/2020 "Fixed Assets", approved by Order of the Ministry of Finance of the Russian Federation dated 17.09.2020 No. 204n; FSBU 26/2020 "Capital Investments", approved by Order of the Ministry of Finance of the Russian Federation dated 17.09.2020 No. 204n; FSBU 25/2018 "Accounting for Leases", approved by Order of the Ministry of Finance of the Russian Federation dated 16.10.2018 No. 208n; FSBU 27/2021 "Documents and Document Flow in Accounting", approved by Order of the Ministry of Finance of the Russian Federation dated 16.04.2021 No. 62n.

### **4. ACCOUNTING POLICY CHANGES IN 2023**

Accounting Policy for the purposes of tax accounting has been amended in connection with the entry into force on January 1, 2023 of the Federal Law of 14.07.2022 No. 263-FZ "On Amendments to Parts One and Two of the Tax Code of the Russian Federation", introducing the institution of a single tax account (and a single tax payment) for all taxpayers.

### **5. PRIOR PERIOD ADJUSTMENTS AND OTHER ACCOUNTING CHANGES**



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In accordance with Clause 50 of FSBU 25/2018 "Rental Accounting", the Company chose the possibility of a simplified transition method with one-time recognition of the right to use the asset and the lease obligations as of the beginning of the reporting period (end of the period preceding the reporting period). The cost of the right-of-use asset is equal to its fair value, the cost of the lease obligations - the present value of the remaining unpaid lease payments discounted at the rate at which the Company raised or could raise borrowed funds on conditions comparable to the lease agreement.

In accordance with the transitional provisions of FSBU 6/2020 "Fixed Assets", the Company adjusted the book value of fixed assets by adjusting the useful life and accumulated depreciation for objects of fixed assets in operation. At the same time, fixed assets were written off, which, in accordance with the previous accounting policy, were accounted for in fixed assets, but in accordance with the new standard they are not.

As a result, the Company made the following adjustments to the Balance Sheet as of December 31, 2021:

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Balance Sheet Line as of December 31, 2021	Before adjustment	Adjustment	After adjustment
1150 Fixed Assets	66 287 667	5 058 133	71 345 800
1152 Buildings, machinery and equipment, structures	59 779 025	828 387	60 607 412
1153 Other types of fixed assets	251 200	1 010	252 210
11531 Right-of-use asset	-	4 228 736	4 228 736
1180 Deferred tax assets	1 439 051	990 561	2 429 612
1100 Total Section I	68 013 541	6 048 694	74 062 235
1210 Inventories	2 048 888	(124 024)	1 924 864
1211 Raw materials, materials and other similar values	2 048 888	(124 024)	1 924 864
1200 Total Section II	11 540 530	(124 024)	11 416 506
<b>1600 Balance</b>	<b>79 554 071</b>	<b>5 924 670</b>	<b>85 478 741</b>

Balance Sheet Line as of December 31, 2021	Before adjustment	Adjustment	After adjustment
1370 Retained earnings (uncovered loss) of prior years	(915 334)	563 970	(351 364)
1371 Retained earnings (uncovered loss) of prior years	(2 627 168)	563 970	(2 063 198)
1300 Total Section III	40 173 371	563 970	40 737 341
1420 Deferred tax liabilities	2 478 904	1 131 964	3 610 868
1450 Other liabilities	1 451 293	2 844 513	4 295 806
1451 Other liabilities, including settlement of lease obligations	-	2 844 513	2 844 513
1400 Total Section IV	19 966 512	3 976 477	23 942 989
1529 Settlement of lease obligations	-	1 384 223	1 384 223
1500 Total Section V	19 414 188	1 384 223	20 798 411
<b>1700 Balance</b>	<b>79 554 071</b>	<b>5 924 670</b>	<b>85 478 741</b>

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## 6. DISCLOSURE OF SELECTED ACCOUNTING STATEMENTS FOR 2022

### 6.1. Fixed assets

Real estate assets commissioned and actually used, which are in the process of state registration are taken into account on account 01.06 Real estate assets, the ownership of which is not registered. As of December 31, 2022, the initial value of real estate assets commissioned and actually used in the process of state registration amounted to 3,388,838 thousand rubles.

Property, plant and equipment received under contracts providing for the fulfillment of obligations by non-monetary funds for the period from January 1 to December 31, 2022 were absent.

Due to indicators of impairment of non-current assets, an impairment test was conducted as of December 31, 2022.

As cash-generating unit, the group of assets of Rosseti Kuban PJSC as a whole (without allocating groups of assets of branches) is determined.

According to the results of testing as of December 31, 2022, no impairment of non-current assets of the Company was revealed.

Information on the availability and movement of the right-of-use asset, on the groups of fixed assets, on the change in value and on the use of fixed assets is given in the Notes to the balance sheet and the statement of financial results in tabular forms:

5.3.1. Property, plant and equipment and the right-of-use asset;

5.3.3. Change in the cost of property, plant and equipment as a result of further construction, additional equipment, reconstruction and partial liquidation;

5.3.4. Other use of property, plant and equipment;

5.3.7. "Availability and movement of the right-of-use asset".

#### 6.1.1. Capital Work in Progress (CWIP)

As capital work in progress, the balance sheet of the Company reflects: the amount of advances and advance payment of services related to construction and acquisition of fixed assets, excluding VAT; raw materials and materials to be used in the creation of fixed assets. As of December 31, 2022, the amount of advances and advance payment for services related to the construction and acquisition of fixed assets amounted to 385,886 thousand rubles, VAT on advances and advance payments for services related to construction and acquisition of fixed assets is shown in line 1260 "Other current assets" in the amount of 77,155 thousand rubles.

As of December 31, 2022, the amount of raw materials and materials to be used in the creation of fixed assets amounted to 2,676,466 thousand rubles.

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The amount of costs on loans and credits included in the value of investment assets (para. 3, 4, item 17 of PBU 15/2008) is given in the Notes to the balance sheet and the statement of financial results in table form 5.6.8. "Credit and loan costs"

Information on the availability and movement of construction in progress is disclosed in the Notes to the balance sheet and the statement of financial results in table form 5.3.5. "Capital work in progress".

#### 6.1.2. Fixed asset objects leased

There are no asset objects leased in the current reporting period. Leasing payments are not planned in the forthcoming period.

### 6.2. Financial investments

As of December 31, 2022, an analysis of the financial investments of Rosseti Kuban PJSC was conducted for impairment indicators. As a result, the provision for impairment of financial investments was restored in the amount of 5,848 thousand rubles.

Information on financial investments is given in the Notes to the balance sheet and the statement of financial results in tabular forms:

5.4.1. "Availability and movement of financial investments";

5.4.2. "Adjustments to estimates of financial investments".

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**6.3. State assistance**

In 2022, the territorial bodies of the SIF of the Russian Federation adopted decisions on the financial provision of preventive measures to reduce industrial injuries and occupational diseases.

The information is given in the Notes to the balance sheet and the statement of financial results in table form 5.9. "State assistance".

**6.4. Capital and Reserves**

As of the beginning of 2022, the authorized capital of the Company amounted to 33,465,783,700 rubles and consisted of 334,657,837 ordinary shares with a nominal value of 100 rubles each.

In the reporting year, the placement of shares of the additional issue continued, the state registration of which and the registration of the listing prospectus of Rosseti Kuban PJSC were carried out by the Bank of Russia on 01.04.2021 (state registration number 1-02-00063-A).

The maximum volume of placement of additional shares of this issue is 69,583,132 shares with a nominal value of 100 rubles each for a total amount of 6,958,313 thousand rubles.

The date of completion of the placement of these securities (taking into account the extension of the placement period provided for by the listing prospectus of Rosseti Kuban PJSC, registered by the Bank of Russia on 25.04.2022) - is the earliest of the following dates:

- 1) date of placement of the last security of this additional issue;
- 2) 2 years from the date of state registration of this additional issue of securities, that is, 01.04.2023.

As of 31.12.2022, 28,642,620 additional shares have been placed. Since the placement of additional shares at the end of the reporting year has not been completed, the state registration of changes to the Company's charter has not been carried out. The amount of authorized capital as of 31.12.2022 amounted to 33,465,783,700 rubles. The total number of placed voting shares of the Company as of 31.12.2022 is 363,300,457 pieces. Preferred shares were not issued by the Company.

Additional capital of the Company is formed at the expense of additional paid-in capital. The Company creates a reserve capital designed to cover losses that, although not specifically defined, may occur in economic turnover. The reserve capital is created at the expense of the Company's net profit.

At the extraordinary general meeting of shareholders held on December 5, 2022, a decision was made to pay dividends on ordinary shares of Rosseti Kuban PJSC from the Company's net profit for the 9 months of 2022 in the amount of 1,943,545 thousand rubles (Minutes of the extraordinary general meeting of shareholders dated 08.12.2022 No. 49).

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**6.5. Accounts Receivable**

As of 31.12.2022, the Company's accounts receivable amounted to 7,626,134 thousand rubles (less provision for doubtful debts), including arrears of 677,297 thousand rubles.



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Table 7 - Budget settlements

(thousand rubles)

Indicator	Debt as of December 31, 2021		Accrued for 2022	Paid for 2022	Debt as of December 31, 2022	
	Debit	Credit			Debit	Credit
Value added tax	–	536 089	3 386 255	3 456 700	–	465 644
Property tax	533	159 376	643 796	654 771	7 521	155 389
Income tax	251 934	–	1 399 146	1 850 442	703 230	–
Land charge	1 277	872	2 797	1 931	476	937
Personal income tax	29	60 193	871 991	861 804	16	70 367
Transport tax	–	1 910	8 904	8 615	–	2 199
Other taxes and levies	–	5	22 192	7 347	–	14 850
<b>Tax total</b>	<b>253 773</b>	<b>758 445</b>	<b>6 335 081</b>	<b>6 841 610</b>	<b>711 243</b>	<b>709 386</b>
Failure-to-file penalty	1	–	1	1	1	–
Failure-to-pay penalty	15 952	–	4 655	-6 687	4 610	–
<b>Total</b>	<b>269 726</b>	<b>758 445</b>	<b>6 339 737</b>	<b>6 834 924</b>	<b>715 854</b>	<b>709 386</b>

Accounts receivable on taxes and fees increased in 2022 by 446,128 thousand rubles.

A significant increase in receivables occurred on the income tax of organizations in the amount of 451,296 thousand rubles. Income tax receivables were generated as a result of the excess of advance tax payments paid during 2022 over the amount of income tax calculated at the end of the year.

An increase in receivables for corporate property tax occurred due to the overpayment on revised tax returns, the period for set-off/return on which did not occur (the office tax audit was not completed).

At the same time, the receivables for penalties and fines decreased, which is associated with the return in 2022 of overpayments from the budget for recalculations of previously accrued amounts of penalties downward.

Table 8 - Calculation of insurance premiums

(thousand rubles)

Indicator	Debt as of December 31, 2021		Accrued for 2022	Paid for 2022	Debt as of December 31, 2022	
	Debit	Credit			Debit	Credit
<b>Premiums - total</b>	<b>6 183</b>	<b>157 707</b>	<b>1 974 778</b>	<b>1 668 251</b>	<b>1 317</b>	<b>459 368</b>
<b>including:</b>						
contribution to the pension fund	15	115 250	1 431 178	1 210 008	129	336 834
compulsory health insurance	–	29 368	343 862	292 133	1	81 098
social insurance	6 168	13 089	199 438	166 110	1 187	41 436
<b>Fines - total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Penalty fee - total</b>	<b>128</b>	<b>–</b>	<b>8</b>	<b>(100)</b>	<b>20</b>	<b>–</b>
<b>Total</b>	<b>6 311</b>	<b>157 707</b>	<b>1 974 786</b>	<b>1 668 151</b>	<b>1 337</b>	<b>459 368</b>

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Receivables on insurance premiums decreased in 2022 by 4,974 thousand rubles. The decrease was due to a decrease in receivables from contributions to the social insurance fund, as well as a decrease in receivables from penalties, due to the return of excess amounts paid by the tax authority.

Table 9 - Distribution of taxes, penalties and fines by budget levels

(thousand rubles)

Indicator	Debt as of December 31, 2021		Accrued for 2022	Paid for 2022	Debt as of December 31, 2022	
	Debit	Credit			Debit	Credit
<b>Taxes - total</b>	<b>253 773</b>	<b>758 445</b>	<b>6 335 081</b>	<b>6 841 610</b>	<b>711 243</b>	<b>709 386</b>
Federal budget	37 785	596 285	4 490 229	4 603 339	105 471	550 861
Territorial, republican	214 711	161 288	1 842 055	2 236 340	605 296	157 588
Local	1 277	872	2 797	1 931	476	937
<b>Fines - total</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>–</b>
Federal budget	1	–	–	–	1	–
Territorial, republican	–	–	1	1	–	–
Local	–	–	–	–	–	–
<b>Penalty fee - total</b>	<b>15 952</b>	<b>–</b>	<b>4 655</b>	<b>(6 687)</b>	<b>4 610</b>	<b>–</b>
Federal budget	10 989	–	434	(7 685)	2 870	–
Territorial, republican	4 945	–	4 211	1 004	1 738	–
Local	18	–	10	(6)	2	–
<b>Total</b>	<b>269 726</b>	<b>758 445</b>	<b>6 339 737</b>	<b>6 834 924</b>	<b>715 854</b>	<b>709 386</b>

Information on the availability and movement of receivables for the reporting period is presented in table form 5.6.1. "Availability and movement of receivables" in the Notes to the balance sheet and the statement of financial results. The turnover does not include receivables generated and repaid in one reporting period.

Information on overdue receivables for the reporting period is presented in table form 5.6.3. "Overdue accounts receivable"

## 6.6. Accounts payable, credits and loans

"Availability and movement of accounts payable in the reporting period" is presented in table form 5.6.5. "Availability and movement of accounts payable" in the Notes to the balance sheet and the statement of financial results. The turnover does not include accounts payable generated and repaid in one reporting period.

As of 31.12.2022, accounts payable amounted to 22,969,106 thousand rubles (including long-term 4,070,948 thousand rubles). Accounts payable include debt on lease obligations in the amount of 3,086,645 thousand rubles (including long-term 1,624,891 thousand rubles).

The main part of accounts payable is debt to suppliers and contractors in the amount of 9,342,262 thousand rubles or 40.7%.

The largest share in the amount of debt to suppliers and contractors, in the amount of 25.4%, is occupied by accounts payable for services for the transfer of electric energy.

Accounts payable on taxes decreased by 49,059 thousand rubles, due to a decrease in accounts payable on value added tax by 70,445 thousand rubles.

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Accounts payable on insurance premiums increased in 2022 by 301,661 thousand rubles, which is associated with the postponement of payments on insurance premiums for May and June 2022 to 2023, in accordance with Decree of the Russian Federation of April 29, 2022 No. 776 "On Changing the Premium Due Date".

Table 10 - Amounts and maturity of loans, credits of Rosseti Kuban PJSC as of December 31, 2022

(thousand rubles)

Name of the bank	Credit Agreement No.	Amount of actual debt, thousand rubles.	Interest arrears	Maturity
Raiffeisenbank JSC	44895-KRD	1 483 981	354	Less than 1 year
GPB Bank (JSC)	0720-048-0000-GS	1 283 077	–	Less than 1 year
GPB Bank (JSC)	0720-049-0000-GS	17 200	–	Less than 1 year
GPB Bank (JSC)	0720-050-0000-GS	1 187 500	–	Less than 1 year
Rosseti PJSC	5736	–	18 169	Less than 1 year
<b>Total line 1510</b>	–	<b>3 971 758</b>	<b>18 523</b>	
GPB Bank (JSC)	0719-030-0000-K	1 000 000	–	More than 1 year
GPB Bank (JSC)	0719-031-0000-K	730 968	–	More than 1 year
GPB Bank (JSC)	0719-120-0000-K	648 885	–	More than 1 year
GPB Bank (JSC)	No. 0722-0033-GS-1	1 651 690	–	More than 2 years
Rosseti PJSC	5736	1 400 000	–	More than 2 years
Promsvyazbank PJSC	0089-20-3-15	1 900 000	–	More than 1 year
Promsvyazbank PJSC	0021-22-3-15	2 000 000	–	More than 2 years
RNCB Bank, PJSC	88/22-VKL	2 000 000	–	More than 2 years
RNCB Bank, PJSC	89/22-VKL	900 000	–	More than 2 years
RNCB Bank, PJSC	90/22-VKL	900 000	–	More than 2 years
RNCB Bank, PJSC	91/22-VKL	900 000	–	More than 2 years
RNCB Bank, PJSC	92/22-VKL	900 000	–	More than 2 years
Bank RRDB (JSC)	No. 398yu	2 000 000	–	More than 2 years
<b>Total line 1410</b>	–	<b>16 931 543</b>	–	

\* A person belonging to the same group of persons to which the company belongs

\*\*\* The Company has the right to dispose of more than 50% of the total number of votes attributable to the shares constituting the authorized capital of this person.

Interest rates on the Company's debt portfolio as of December 31, 2022 were formed in the range of 7.07% - 9.20% per annum.

The amount of interest on rental obligations is reflected in line 2330 "Interest payable" of the statement of financial results, and amounts to 325,382 thousand rubles for 2022.

Information for the reporting period is presented in tabular forms: 5.6.5.

5.6.5. "Availability and movement of accounts payable";

5.6.6. "Overdue accounts payable";

5.6.7. "Credits and loans";

5.6.8. "Credit and loan costs"

### 6.6.1. Securing obligations

As of December 31, 2022, on the off-balance sheet account 008 "Securing Obligations and Payments Received", the amount of bank guarantees received to

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ensure fulfillment of obligations under contract/supply agreements and return of payments (advances) amounted to 1,781,328 thousand rubles. Information for the reporting period is presented in table form 5.8. "Securities".

### 6.6.2. Information about the organization's ability to raise additional funds at the reporting date

Table 11 - Credit lines unused by the Company

(thousand rubles)

Bank - creditor	Number and date of the agreement	Amount of unused limit	Disbursement period end date
Sberbank PJSC	No. 5400/449 dated 09.07.2018	2 000 000	08.07.2023
Sberbank PJSC	No. 5400/635 dated 18.11.2019	2 000 000	16.11.2024
Sberbank PJSC	No. 5400/634 dated 18.11.2019	2 000 000	16.11.2024
Sberbank PJSC	No. 5400/695 dated 17.09.2020	1 500 000	16.09.2025
Sberbank PJSC	No. 5400/696 dated 17.09.2020	2 000 000	16.09.2025
Sberbank PJSC	No. 5400/791 dated 29.04.2022	2 000 000	11.01.2027
Sberbank PJSC	No. 5400/792 dated 29.04.2022	2 000 000	11.01.2027
Sberbank PJSC	No. 5400/793 dated 29.04.2022	1 200 000	11.01.2029
VTB Bank (PJSC)	No. KS-30750/0007/V-20 dated 20.08.2020	1 425 000	20.07.2025
VTB Bank (PJSC)	No. KS-30750/0008/V-20 dated 20.08.2020	1 575 000	20.07.2025
VTB Bank (PJSC)	No. KS-30750/0009/V-20 dated 20.08.2020	1 575 000	20.07.2025
VTB Bank (PJSC)	No. KS-30750/0013/V-20 dated 31.08.2020	1 500 000	31.07.2025
VTB Bank (PJSC)	No. KS-30750/0010/V-20 dated 31.08.2020	1 575 000	31.07.2025
VTB Bank (PJSC)	No. KS-30750/0014/V-20 dated 31.08.2020	1 575 000	31.07.2025
VTB Bank (PJSC)	No. KS-30750/0012/V-20 dated 31.08.2020	1 850 000	31.07.2025
VTB Bank (PJSC)	No. KS-30750/0011/V-20 dated 31.08.2020	2 000 000	31.07.2025
Bank RRDB (JSC)	No. 355yu dated 06.11.2018	1 261 000	05.05.2023
Bank RRDB (JSC)	No. 356yu dated 06.11.2018	1 261 000	05.05.2023
Bank RRDB (JSC)	No. 357yu dated 06.11.2018	1 261 000	05.05.2023
Bank RRDB (JSC)	No. 369yu dated 11.12.2019	1 000 000	11.06.2024
Bank RRDB (JSC)	No. 374yu dated 29.04.2020	1 000 000	29.04.2025
Bank RRDB (JSC)	No. 375yu dated 29.04.2020	1 500 000	29.04.2025
Bank RRDB (JSC)	No. 376yu dated 29.04.2020	2 000 000	29.04.2025
Bank RRDB (JSC)	No. 379yu dated 25.08.2020	1 575 000	25.02.2025
Bank RRDB (JSC)	No. 397yu dated 29.12.2021	1 200 000	29.12.2028
GPB Bank (JSC)	No. 0719-031-0000-K dated 18.09.2019	269 033	18.09.2024
GPB Bank (JSC)	No. 0719-120-0000-K dated 20.11.2019	2 351 115	15.11.2024
GPB Bank (JSC)	No. 0720-048-0000-GS dated 30.09.2020	216 923	26.09.2025
GPB Bank (JSC)	No. 0720-049-0000-GS dated 30.09.2020	1 557 800	26.09.2025
GPB Bank (JSC)	No. 0722-0016-GS dated 17.08.2022	2 000 000	16.07.2027
GPB Bank (JSC)	No. 0722-0017-GS dated 17.08.2022	2 000 000	16.07.2027
GPB Bank (JSC)	No. 0722-0018-GS dated 17.08.2022	2 000 000	16.07.2027

The Company has opened free credit limits, which allow to ensure the refinancing of borrowed funds with maturity in 2023. Total amount of free credit limit opened in creditor banks (including under overdraft loan agreements), with the end of the disbursement period in 2023-2025 as of December 31, 2022, it amounts to 58,342,199 thousand rubles, including in Sberbank PJSC in the amount of 14,700,000 thousand rubles, in RRDB Bank (JSC) in the amount of 12,058,000 thousand rubles, in GPB Bank (JSC) in the amount of 14,243,180 thousand rubles, in VTB Bank (PJSC) in the amount of 13,075,000 thousand rubles, in SMP Bank

JSC in the amount of 1,500,000 thousand rubles, in AK BARS BANK PJSC in the amount of 1,000,000 thousand rubles, in Moscow Credit Bank PJSC in the amount of 1,500,000 thousand rubles, in AB RUSSIA JSC in the amount of 250,000 thousand rubles, in Raiffeisenbank JSC in the amount of 16,019 thousand rubles.

### 6.7. Business Risk Information

The Company operates a risk management system (hereinafter referred to as RMS), the purpose of which is to provide reasonable confidence in achieving the Company's goals set at all levels of the Company's management, including those defined by the Strategy for the Development of the Electric Grid Complex of the Russian Federation, program development documents and the Company's Charter, as well as ensuring the Company's cost growth, while respecting the balance of interests of all interested parties.

The Company's risk management process is carried out by the Board of Directors, the authorized committee of the Board of Directors, the Company's Audit Committee, the Company's executive bodies, managers and employees at all levels of the Company's management, the Directorate of Internal Control and Risk Management, and includes identification and assessment of risks, their ranking, as well as impact (response) on risks to ensure reasonable assurance of achievement of the Company's goals.

In order to ensure the functioning of RMS in the Company, the Board of Directors approved the Risk Management Policy, hereinafter - the RM Policy, (Minutes dated 24.02.2021 No. 420/2021). The RM Policy is an internal document of the Company defining its attitude to risks, establishing the general principles of RMS construction, its goals and objectives, general approaches to the organization, functioning and improvement of RMS, distribution of responsibility among the participants of RMS and the nature of their interaction, stages of the risk management process.

The main principles of RMS are:

1) creation and protection of the Company's values (RMS contributes to achieving goals and improving productivity, ensuring human health and safety, safety of all activities of the Company, compliance with legal and regulatory requirements, environmental protection, improving the quality of services, efficiency of operations, management and reputation);

2) risk management is an integral part of all organizational processes (risk management is not a separate activity that is separate from the main activities and processes in the organization; this is part of management commitments and an integral part of all organizational processes, including strategic planning and all project and change management processes);

3) risk management is part of the decision-making process;

4) risk management is systematic, structured and timely;

5) risk management is based on the best available information;

6) risk management is transparent and takes into account the interests of stakeholders;

7) risk management is dynamic, iterative (repetitive) and responsive to change;

8) risk management contributes to the continuous improvement of the organization;

9) responsibility for risk management - all RMS participants are responsible for identifying, evaluating, analyzing and continuously monitoring risks as part of their activities, developing and implementing the necessary risk management measures, continuously monitoring the effectiveness of risk management measures;

10) the principle of optimality (the ratio of the cost of implementing risk management activities and the effect of implementing these activities is analyzed, including the correspondence between the level of complexity of the RMS and the level of complexity and the degree of importance of the object to be analyzed from the point of view of risks);

11) the unity of methodological base. Risk management (identification, analysis, assessment and monitoring of risks, development and monitoring of the effectiveness of risk management measures) is carried out on the basis of approaches and standards common to all structural units of the Company.

The Company collects and analyzes quarterly information characterizing external and internal factors that can negatively affect the achievement of the Company's goals. To minimize the consequences of risk realization, the Company developed and executed measures aimed at preventing the occurrence of negative consequences; at the same time, there are political and economic factors affecting the activities of Rosseti Kuban PJSC, in respect of which the Company cannot guarantee that measures aimed at overcoming possible negative situations can lead to correction of the situation, since these risk factors are beyond the control of the Company.

### Industry risks

*Risk of increased costs for power transmission services of other grid organizations*

In conditions of limited tariff growth, the regional regulator accepted significant revenue growth for individual network organizations by reducing revenue (or by maintaining the same level) from Rosseti Kuban PJSC in favor of an increase in other network organizations.

The subjective approach of the regional regulator to the distribution of the network component among network organizations in the region of presence, the non-revision of tariff decisions for individual network organizations during several periods of regulation, the inclusion of the investment component for individual network organizations, or as a result of compliance with the FAS of Russia and court decisions can lead to the realization of risk. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its



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implementation, the Company provides to the Department of State Regulation of Tariffs of the Krasnodar Territory - the executive authority of the Krasnodar Territory in the field of state regulation of tariffs - substantiating materials confirming the level of economically justified expenses, and also defends positions on the need for advanced growth of expenses of the Company as a systemically forming company, "boiler holder" of the Krasnodar Territory and the Republic of Adygea. There are no territorial network organizations in the region that could influence the realization of this risk.

*Risk of an increase in the price of electricity purchased to compensate for losses*

Free pricing in the wholesale market of electric energy (power), where the purchase of electric energy (power) is carried out in order to compensate for the technological consumption (loss) of electric energy during the transmission of electricity through networks is a factor for the realization of this risk. If the risk is realized, there may be a change in the value of net profit, the total volume of uncontrolled expenses, the debt burden, the value of the costs of servicing borrowed loans. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the shortfall in income on exceeding the weighted average non-regulated price of wholesale market for electricity and power in fact in relation to the decision adopted in the tariff and balance sheet decision is stated to the regulator in order to compensate in the future regulation period.

### Country and regional risks

*Risks associated with adverse weather conditions leading to technological disturbances.*

The actual value for achieving the reliability indicator of electricity transmission services in indicative terms did not exceed the planned values. Risk is assessed as "moderate" with an average level of impact from implementation. To identify the causes of major technological disturbances (accidents), accident investigations are organized in accordance with the requirements of the Decree of the Government of the Russian Federation dated 28.10.2009 No. 846 "On Approval of the Rules for Investigating the Causes of Accidents in the Electric Power Industry" (as amended). Based on the results of investigations, emergency response measures are being developed in order to minimize the consequences of the realization of the risk and prevent the occurrence of similar cases henceforth and cover the above factors.

Drastic changes of regional scale (environmental, political, demographic, social) are unlikely, but their emergence will certainly affect the activities of the Company. Given the sufficient level of development of the transport infrastructure of the region, the risks of termination of transport communication due to inaccessibility and remoteness are minimal.

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The Company estimates that the situation in the region will have a favorable impact on its activities, and there is no reason to expect that the current changes in the situation in the region will entail non-fulfillment of the Company's obligations.

### Financial Risks

*Risk of increased inflation*

The current inflation rate may affect the financial position of the Company. According to the Central Bank of Russia, inflation in annual terms in the Russian Federation for 2022 year amounted to 11.94%. According to the forecast of the Bank of Russia, taking into account the current monetary policy, annual inflation will decrease to 5.0-7.0% in 2023 and return to 4% in 2024.

In order to minimize financial risks, risks associated with inflationary processes and affecting financial results, the Company implements a set of measures to effectively manage material resources, increase labor productivity, implement the Company's procurement policy in repair and other operational activities, and optimize costs through the rational use of material and labor resources. Measures are also taken to analyze financial risks, plan and evaluate the actual profitability of the work, determine profitability indicators indicating the level of profitability of the Company, normative values of financial coefficients characterizing solvency and liquidity, which makes it possible to quickly identify shortcomings in the work and take measures to eliminate them. In addition, according to the Decree of the Government of the Russian Federation of December 29, 2011 No. 1178 "On pricing in the field of regulated prices (tariffs) in the electric power industry", when regulating electricity tariffs, the inflation rate (consumer price index) determined in the forecast of the socio-economic development of the Russian Federation is taken into account. Thus, the Company estimates this risk as "significant".

*Risk of increasing interest rates on credits and loans*

The Company attracts short-term and long-term borrowing from the Russian financial market. The increase in inflation in the Russian Federation is one of the factors for the overall increase in interest rates. A significant increase in interest rates on credits and loans may lead to an increase in the cost of servicing the Company's debt. Currently, the risk of rising interest rates on loans is estimated as "significant". In order to manage this risk, the Company optimizes the structure of the debt portfolio, reduces the cost of servicing it. The weighted average rate on the debt portfolio as of 31.12.2022 was 8.78% per annum. In addition, the Company seeks to use credits and loans with a fixed interest rate. Proposed actions of the Company in case of negative impact of changes in interest rates on its activities: attracting loans for longer periods in order to prevent negative impact of short-term fluctuations in interest rates, diversification of sources of financing, negotiation with creditor banks, sending letters on the possibility of reducing interest rates on loans.

## Legal Risks

*Risk of issuing legal acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company.*

The absence of documents confirming actual performance by the Company of obligations, services and incurred costs, including insufficient or poor quality of substantiating materials, inconsistency of actions of structural divisions may lead to negative financial consequences for the Company when performing court acts (dispute resolution) on collection of debts for power transmission services not in favor of the Company, recovery of court costs. Risk is assessed as "significant" with an average level of impact from implementation.

The Company participates in litigation, the results of which may significantly affect the Company's financial and economic activities. The Company constantly monitors the judicial practices, which allows to use this information to achieve positive court decisions in its favor.

*Impossibility of timely land registration (by priority objects)*

The Company's exposure to the risk of late land registration is assessed as "moderate". The risks of late land registration are minimal and do not significantly affect electricity transmission activities, however, timely registration of land relations directly affects the implementation of the investment program, the implementation of which directly affects the reliability of electricity supply. The Company implements interaction with regional/republican/local authorities, with land rights holders. In addition, the actions of contracting organizations performing work on the land registration are monitored. In case of change and/or presentation of claims, deliberate obstruction of registration of property rights by the relevant bodies, inconsistency of actions of the Company employees, the necessary measures will be taken to issue the relevant documentation.

*Involvement of employees in corruption activities*

Violation and non-fulfillment of the requirements of the legislation of the Russian Federation, local regulatory legal acts and organizational and administrative documents may lead to negative reputational consequences, as well as financial damage to the Company. The Company uses best practices in assessing the risk of corruption - the principle of zero tolerance of management to corruption and fraud, that is, if such a risk is identified, it is assessed as "critical" with a high level of consequences from implementation. This reflects the high level of corporate culture and the principle of zero tolerance of management to corruption and fraud. The implementation of the Anti-Corruption Plan allows the Company's managers/employees to develop a negative attitude towards corruption behavior.

*Intentional unlawful actions on the part of legal entities and individuals, as well as on the part of employees of the Company, causing economic damage and damage to business reputation*

Risk is assessed as "significant" due to the systematic identification of facts of economic misconduct. To minimize this risk, the Company reconstructs the engineering and technical means of protection at the fuel and energy complex facilities in accordance with the Company's investment program, monitors the fulfillment of contractual obligations by private security organizations, checks the service of private guards at the Company's facilities, interacts with law enforcement agencies, and carries out preventive work with Company employees.

*Professional risks of the Company*

The risk of industrial injuries is assessed as "critical" with a high level of consequences from implementation and is leveled by ensuring safe working conditions through:

- issuance of certified, quality protective equipment, flushing and neutralizing equipment, serviceable tools, accessories
- control of their correct application;
- implementation and use of technologies ensuring safe performance of works and safe working conditions;
- compliance with the requirements of regulatory legal acts on technical operation, in the field of labor protection, fire, industrial and environmental safety, including in the design, construction, reconstruction and technical re-equipment;
- monitoring of execution/implementation of programs containing requirements for labor protection and aimed at prevention of injuries (programs for elimination of traumatic places, etc.);
- timely training on labor protection with quality check of their assimilation.

## Reputational risks

The risk of losses for the Company due to such factors as a decrease in the number of clients (counterparties) due to the formation of a negative idea of financial stability, financial position, quality of its work is minimal. The Company is constantly working to maintain the reliability and uninterrupted supply of energy to consumers, improve the quality of services provided and increase customer orientation - to achieve the goals defined by the Strategy for the Development of the Electric Grid Complex of the Russian Federation. The realization of these goals and objectives largely determines the Company's business reputation.

The Company is subject to a natural monopoly, annually there is an increase in the number of electricity consumers, and a decrease in the volume of services provided due to negative reputation factors is unlikely. In addition, the Company has developed a positive practice for long-term interaction with its counterparties.

## Strategic Risks

The Company, being part of a single distribution electric grid complex in Russia, strives to achieve the goals defined at the state level. By order of the Government of Russia dated 03.04.2013 No. 511-r, the Strategy for the Development of the Electric Grid Complex of the Russian Federation was approved. The Company is a subsidiary of Rosseti PJSC, the largest strategic electric grid company in Russia, respectively, the Company participates in the implementation of strategies and programs in the areas of activity (business processes) of Rosseti PJSC. The goal of this Strategy is to ensure reliable, high-quality and affordable energy supply to consumers by organizing the most efficient and world-standard network infrastructure. To ensure the implementation of the tasks and achievement of the goals defined in the Development Strategy of Rosseti PJSC and its subsidiaries and affiliates until 2030, as well as the tasks set for the electric grid complex at the federal level, the Long-Term Development Program of Rosseti PJSC and its subsidiaries and affiliates (Rosseti Group of Companies) until 2030 was approved. These documents define, among other things, the main risks that the Company may face in implementing the strategy. The list of these risks includes:

- reduction of revenue from electric power transmission;
- failure to adopt regulatory initiatives to improve pricing in the industry;
- implementation of large-scale projects for the construction of network infrastructure that do not provide the necessary level of return on invested capital;
- cyber attacks on network infrastructure.

Decisions on the start of implementation of a specific strategy (program) in the Company's activities are made by its Board of Directors.

The probability of realization of the Company's risk of losses as a result of errors (deficiencies) made in the management decisions determining the Company's business and development strategy is assessed as low.

Measures to prevent the occurrence of this risk are:

- elaboration of proposals and scenarios to improve the implementation of a specific strategy and programme;
- analysis of the effectiveness of implementation of the Company's specific strategy, making management decisions based on the analysis results;
- development and implementation of key performance indicators for strategy achievement, their linkage with the Company managers award;
- continuous monitoring by the Company's structural subdivisions of the ratio of the costs of implementing a specific strategy to the benefit received and submission to the Board of Directors of the Company of this information for making management decisions (including determining the quantity and quality of resources).

### **Operational Risks**

### *Risk of reduction of electric power transmission services to consumers connected to regional distribution networks*

The decrease in electricity consumption may be due to external factors such as macroeconomic fluctuations in energy consumption: economic crises and a decline in the production of goods, the construction by consumers of their own generation, weather anomalies, industrial accidents, man-made disasters, a pandemic and the observance of quarantine regime by both individuals and legal entities. Internal risk factors include power outage due to power interruptions. The potential impact of these factors may affect the decrease in the volume of electricity transmission services and, accordingly, changes in the Company's revenue. At the moment, the risk is assessed as "moderate" with an average level of consequences from implementation.

However, in accordance with the forecast for the energy system of the Republic of Adygea and the Krasnodar Territory, developed by Russian Power System Operator JSC as part of the "Scheme and Program for the Development of the Unified Energy System of Russia for 2021-2027", demand for electric energy and capacity will increase. The Company participates in the formation of the Scheme and Program for the Development of the Electric Power Industry of the Krasnodar Territory, on the basis of which the Company's investment program is formed, the purpose of which is to expand the potential market for services and increase the number of connected consumers. The Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, carrying out work to increase the accuracy and reliability of demand planning for electric energy and power. The current and forecast economic situation in the region and in the whole country is also monitored, preparatory work is underway for the proper functioning of energy equipment in the corresponding seasons of the year, maintenance and repair of energy facilities is carried out.

### *Risk of non-fulfillment by counterparties of obligations to pay for power transmission services within the terms established by the agreement/contract and/or in part*

As a result of the risk of non-fulfillment by counterparties of obligations to pay for services, the Company's accounts receivable index is subject to the greatest influence in the Company's reporting due to the inability of counterparties to pay for services of the Company. The risk is due to the insufficient performance of mechanisms for increasing payment discipline in the market for the provision of electricity transmission services, the consumer's lack of incentive to timely payments for electric energy transmission services. The deterioration of the economic situation in Russia may affect the increase in the costs of transmitting electricity through the Company's electric networks, which, while maintaining the established tariffs, will lead to a reduction in profits. As a result of this, disputed and overdue receivables for power transmission services arise, which leads to a decrease in liquidity and



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financial stability of the Company. To reduce this risk, the Company carries out work on receivables management aimed at optimizing its size and repayment of debts. The risk is assessed by the Company as "moderate" with an average level of consequences from implementation.

*Risk of changing network configuration and operation modes*

The change in the network operation mode, the presence of transit flows with intersystem regions, the presence of emergency modes, the consolidation of electrical network property, as a result, the increase in load losses are the main factors in the realization of this risk. The consequences of realization of this risk may be exceeding the established level of power losses laid down by the Company's business plan for the current year. The Company estimates the risk as "moderate" with a low level of consequences from implementation.

In order to prevent the realization of this risk, the Company monitors and predicts electric consumption by voltage levels, by which the price (tariff) for electric energy transmission services is differentiated, and by categories of consumers, as well as monitoring the physical parameters of the balance of electric energy and power, and conducting work to increase the accuracy and reliability of planning demand for electric energy and power. In addition, data on loss volumes and prices for electric energy used by last resort suppliers in calculating the cost of loss of electric energy are monitored.

*Risk of natural technical failures in the protection systems of information and telecommunication systems of electric grid complex facilities*

The reasons for this risk may be the use of obsolete equipment, lack of technical support, the use of equipment after the end of its service life. The realization of this risk can lead to a decrease in the security of the electric grid complex facilities, a temporary downtime in information and telecommunication systems. The Company estimates the risk as "moderate" with a low level of consequences from implementation.

In order to prevent the realization of this risk, the Company provides technical support for information protection tools, periodically analyzes the operability of information protection tools, provides repair and/or replacement of equipment, and also monitors the provision of protection systems with uninterruptible and redundant power.

*Risk of disruption and/or termination of operation of information infrastructure facilities and telecommunication systems of electric grid facilities*

The main sources of risk realization may be unlawful actions of third parties as a result of a computer attack, which may lead to material damage to the Company, damage to goodwill, as well as disconnection of electricity consumers. The risk is assessed by the Company as "significant" with a high level of consequences from implementation.

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In order to prevent the realization of this risk, the Company implements the inclusion in the technical specifications for the creation of information infrastructure objects and telecommunication systems of objects of the electric network complex of information security requirements, the introduction of means of information protection at objects of information infrastructure in accordance with technical specifications for their creation.

The Company monitors the actions of the Company's employees through information security systems, monitors and analyzes external information security events, and applies certified information protection tools.

*Risk of undue impact on the facilities of the electric grid complex and their information and telecommunication systems (terrorist, sabotage, criminal and other), including using information technologies*

The attractiveness of the facility for terrorist groups (the facility, during the failure of which the restriction of the power supply of large electricity consumers is introduced) and, as a result, the failure of the equipment, the disconnection of electricity consumers for a long time is the main factor for the realization of the risk. The risk is assessed by the Company as "significant" with a high level of consequences from implementation.

The Company works on:

- installation of engineering security equipment, video surveillance systems, access control system, security alarm at electric power facilities;
- reconstruction of engineering and technical means of protection at fuel and energy facilities in accordance with the investment program of the Company;
- organization of physical protection of the Company's most important fuel and energy facilities;
- inclusion of information security requirements in technical specifications for the creation of information infrastructure facilities and telecommunication systems of electrical network facilities;
- implementation of means of information protection at objects of information infrastructure in accordance with technical assignments for their creation;
- monitoring the actions of the Company's employees using information security systems. External information security events are monitored and analyzed, certified information security tools are used.

**Investment risks**

Implementation of the Company's investment program requires attracting significant financial resources, both own and borrowed, on conditions that meet the parameters of the tariff system.

The main investment risks are the risk of increasing the volume of financing of the investment program as a whole and/or by individual titles (in relation to established limits), which are assessed as "significant". The remaining identified investment risks (non-compliance by contractors with the design, delivery,

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construction, commissioning of facilities, impossibility of timely registration of land relations) are assessed as "moderate".

The sources of risk may be an increase in the cost of materials, equipment and work for objective reasons (financial crisis, inflation, foreign economic changes, natural disasters, etc.), the refusal of contractors to participate in procurement procedures for the implementation of an innovative project.

To minimize the risks of late and low-quality execution of the investment program:

- inclusion in the investment program of only those projects for which there are applicant organizations that meet the necessary requirements for the implementation of innovative projects;
- timely submission of proposals during the formation and adjustment of the investment program;
- control of implementation of investment projects by cost and terms.

#### **6.8. Deferred tax assets and liabilities**

The Company shall apply the accrual method in order to recognize income and expenses when calculating income tax. The Company calculates and reports deferred tax assets and income tax liabilities. Deferred tax assets (DTA) and deferred tax liabilities (DTL) are calculated for temporary differences, which are income and expenses that form an accounting profit (loss) in one reporting period, and the taxable base for income tax in other reporting periods. In analytical accounting, temporary differences are considered differently by types of assets and liabilities, in the valuation of which the temporary difference arose.

The current income tax is recognized as income tax for tax purposes, determined in accordance with the legislation of the Russian Federation on taxes and fees. The statement of financial results also reflects the future (deferred) component of income tax expense.

Current income tax is recognized in the accounts as a liability to the budget equal to the amount of tax payable to the budget for the reporting period.

The contingent expense (income) on income tax is calculated as the product of the accounting profit (loss) on the income tax rate established by the legislation of the Russian Federation on taxes and fees.

In 2022, income tax amounted to 1,980,742 thousand rubles, including the current tax of 1,632,827 thousand rubles. In 2022, the Company determined the following components of income tax:

- contingent expense - 1,436,086 thousand rubles,
- permanent tax expense - 544,656 thousand rubles,
- deferred tax asset - (208,017) thousand rubles,
- deferred tax liability - (139,898) thousand rubles.

There were no reasons for the change in applied tax rates compared to the previous reporting period.

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Information on profit taxation, deferred tax movement is disclosed in the Notes to the balance sheet and the statement of financial results in table forms 2.3 and 5.7.2.

#### **6.9. Cost of goods, products sold, works, services, commercial expenses, management expenses and other expenses**

Expenses (costs) are recognized in the reporting period in which they occurred, regardless of the time of the actual payment of funds and other form of implementation (assumption of temporary certainty of the facts of economic activity).

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Table 13 - Breakdown of "Other costs" as part of the cost price  
(thousand rubles)

Indicator		2021	2022
Name	Code		
Cost of sales	6510	49 902 736	52 991 184
including			
Other costs	6515	27 108 123	27 264 630
including			
Grid distribution company services		13 867 571	15 243 169
Services of FGC UES PJSC		8 051 470	8 324 432
Other expenses		5 189 082	3 697 029

### 6.9.1. Information on energy costs

Table 14 - Information on energy costs

No.	Adopted targets/indicators	UoM	2021 (fact)	2022 (fact)
1.	2	3	5	5
1.1.	Electricity loss, including	mln rubles, with VAT	10 883,478	11 142,829
		mln kWh	2 502,071	2 479,536
1.1.1.	Consumption for auxiliary needs of substations	mln rubles, with VAT	86,796	76,662
		mln kWh	19,954	18,824
1.2.	Consumption of resources for economic needs, including by resource type	mln rubles, with VAT	151,640	151,137
1.2.1.	fuel and energy, including	mln rubles, with VAT	148,501	148,246
		toe	4 164	3 903
1.2.1.1.	electric power	mln rubles, with VAT	139,899	139,743
		thousand kWh	29 764,935	28 025,076
		thousand kWh per m <sup>2</sup> space area	0.190	0,179
1.2.1.2.	thermal energy	mln rubles, with VAT	7,734	7.735
		Gcal	3 183,902	3 023,674
		Gcal per m <sup>2</sup> space area	0.145	0,138
1.2.1.3.	natural gas	thousand m <sup>3</sup>	118,851	94,405
		mln rubles, with VAT	0,869	0,768
1.2.2.	hot water supply	thousand m <sup>3</sup>	–	–
		mln rubles, with VAT	–	–
1.2.3.	cold water supply	thousand m <sup>3</sup>	69,446	68,405
		mln rubles, with VAT	3,139	2,891
1.3.	Equipment with metering devices for energy resources consumed for economic needs of the Company	%	100	100
1.4.	Equipment with smart metering devices for consumers in the retail market,	%	23,72	

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No.	Adopted targets/indicators	UoM	2021 (fact)	2022 (fact)
1.	2	3	5	5
	in accordance with the Program for the development of smart electricity metering			26,65

\* Equipment with smart metering devices is determined in accordance with the requirements of Government Resolutions on June 19, 2020, No. 890 "On the procedure for providing access to the minimum set of functions of smart electric energy (power) metering systems".



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### 6.10. Cash Flow Information

In accordance with PBU 23/2011, the organization's cash flows in the form of receipts and payments of value added tax (receipts from buyers and customers, payments to suppliers and contractors and payments to or from the budget system of the Russian Federation) are reflected in line 4119 "Other receipts" of the Statement of Cash Flows Form in the amount of - 36,934 thousand rubles, including:

- VAT as part of the received amounts 11,000,999 thousand rubles;
- VAT as part of the transferred amounts (7,515,103) thousand rubles;
- VAT paid to the budget (3,456,701) thousand rubles;
- VAT reclaimed 7,739 thousand rubles.

Result: 36,934 thousand rubles.

The transfer of cash to deposit accounts recognized as cash equivalents is not a cash flow and is not reflected in the Statement of Cash Flows.

Table 15 - Amount of minimum permanent cash balance in the Company's settlement accounts as of December 31, 2022

(thousand rubles)

Basis (additional agreement, transaction confirmation)	Transaction start date	Transaction end date	The amount of the minimum permanent balance
1	2	3	4
Application No. 36 of 30.12.2022 for placement of the minimum permanent balance Additional Agreement w/n of 27/12/19 to the Contract RKO No. 300318000026 of 20/06/18	30.12.2022	09.01.2023	685,704.5
VTB Bank (PJSC)			685,704.5
		<b>Total</b>	<b>685,704.5</b>

The debt of Rosseti Kuban PJSC on overdraft loans as of December 31, 2022 is absent.

There are no sureties of third parties received and not used by the Company to obtain a loan, indicating the amount of funds that the Company can attract, as of December 31, 2022.

Cash (or its equivalents) not available for use by the Company (for example, letters of credit opened in favor of other organizations for transactions pending at the reporting date) are not available as of December 31, 2022.

### 6.11. Segment Information

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According to PBU 12/2010, the structure of management and decision making in the organization, as well as the system of internal reporting, is taken as the basis for the allocation of segments in the Company. Key figures of reporting segments are calculated based on management reporting data.

The Company has defined the following reporting segments:

- 1) electric power transmission;
- 2) utility connection to distribution power grids.

The Company discloses information in accounting (financial) statements only for the above reporting segments. The remaining segments are reported as other segments. As part of the information on the reporting segments, the Company does not disclose cash flows from current, investment and financial transactions due to the practical labor intensity of its presentation in the accounting (financial) statements.

Table 16 - Buyers whose revenue from sale is not less than 10% of the Company's total revenue

(thousand rubles)

No.	Name of the buyer (customer)	Total revenue	Including: electric power transmission	Including: other services
1.	Independent Energy Distribution Company of Krasnodar Territory JSC	19 531 366	19 531 366	-
2.	TNS Energo Kuban PJSC	28 913 339	28 840 928	72 411

Information on the reporting segments is provided in the Notes to the balance sheet and the statement of financial results in table form 5.13. "Information on reporting segments".

### 6.12. Related Parties Information

#### 6.12.1. List of Related Parties

The activities of Rosseti Kuban PJSC may be influenced by persons who are affiliated with the Company. In accordance with the legislation of the Russian Federation Rosseti Kuban PJSC publishes lists of its affiliates on its website at: <https://rosseti-kuban.ru/aktsioneram-i-investoram/raskrytie-informatsii/spisok-affilirovannykh-lits-obschestva/>

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The following affiliates may have the greatest influence on the Company's activities:

- the largest shareholder of the Company – Federal Grid Company - Rosseti PJSC, which owns 93.96% of the shares of Rosseti Kuban PJSC;
- members of the Company's management bodies (members of the Board of Directors and Management Board, General Director of Rosseti Kuban PJSC).

Rosseti Kuban PJSC controls the activities of its subsidiaries: Recreation centre "Energetik" JSC, Energoservice of Kuban JSC, through corporate governance methods

#### 6.12.2. Transactions with related parties and pending transactions with related parties settled under the terms of contracts in cashless form

Table 17 - Income and related debt for 2021

(thousand rubles)

Counterparty	As of December 31, 2020	Accrued	Redeemed	As of December 31, 2021
Recreation centre "Energetik" JSC ***	69	1 764	(1 799)	34
Energoservice of Kuban JSC ***	52	5 013	(4 894)	171
Rosseti PJSC***	–	1 421	(1 421)	–
FOCL-VL Management JSC	–	5 436	(4 077)	1 359

Table 18 - Income and related debt for 2022

(thousand rubles)

Counterparty	As of December 31, 2021	Accrued	Redeemed	As of December 31, 2022
Recreation centre "Energetik" JSC ***	34	2 101	(2 135)	–
Energoservice of Kuban JSC ***	171	5 028	(4 812)	387
Rosseti PJSC***	–	1 422	(1 422)	–
Rosseti Digital JSC *	1 359	5 654	(7 013)	–

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Table 19 - Expenses, other transactions and related arrears for 2021

(thousand rubles)

Counterparty	As of December 31, 2020	Accrued	Redeemed	As of December 31, 2021
1	2	3	4	5
Rosseti PJSC***				
- other debt	(40 019)	(151 733)	172 318	(19 434)
- settlements with founders	–	(760 060)	716 784	(43 276)
- interest calculations	(153 866)	(286 355)	414 260	(25 961)
FGC UES PJSC *				
- trading operations	(792 487)	(9 755 169)	9 732 840	(814 816)
- other debt	(20)	(28)	28	(20)
- other debt	6 883	9 397	(2 842)	13 438
reserve	–	–	–	–
Rosseti Northern Caucasus PJSC*				
- other debt	(54)	–	–	(54)
- other debt	74 269	10 661	(12 371)	72 559
- reserve	(66 459)	(8 032)	2 550	(71 941)
Recreation centre "Energetik" JSC ***				
- other debt	(305)	(41 403)	41 653	(55)
CTZ JSC*				
- other debt	(1 439)	(8 728)	4 863	(5 304)
Energoservice of Kuban JSC ***				
- other debt	(270 396)	(1 759 152)	1 535 783	(493 765)
- other debt	27 542	410 502	(225 504)	212 540
- dividends	–	(19 894)	19 894	–
STC FGC UES PJSC*				
- other debt	–	(35)	35	–
FOCL-VL Management JSC*				
- trading operations	(276 384)	(500 053)	384 567	(391 870)
- other debt	(23 165)	(211 947)	212 062	(23 050)
FGC-Asset Management LLC*				
- interest calculations		(14 898)	14 898	

Table 20 - Expenses, other transactions and related arrears for 2022

(thousand rubles)

Counterparty	As of December 31, 2021	Accrued	Redeemed	As of December 31, 2022
1	2	3	4	5
Rosseti PJSC***				
- other debt	(19 434)	(151 331)	150 839	(19 926)
- settlements with founders	(43 276)	(2 976 893)	3 020 169	–
- interest calculations	(25 961)	(593 037)	600 829	(18 169)
FGC UES PJSC *				
- trading operations	(814 816)	(10 087 352)	10 002 547	(899 621)
- other debt	(20)	(496)	496	–
- other debt	13 438	6 460	(3 768)	16 130
reserve	–	–	–	–

## Rosseti Kuban PJSC

Counterparty	As of December 31, 2021	Accrued	Redeemed	As of December 31, 2022
1	2	3	4	5
Rosseti Northern Caucasus PJSC*				
- other debt	72 559	76 573	(80 177)	68 955
- reserve	(71 941)	(7 025)	10 541	(68 425)
Recreation centre "Energetik" JSC ***				
- other debt	(55)	(31 793)	31 666	(182)
CTZ JSC*				
- other debt	(5 304)	(49 104)	22 628	(31 780)
Energoservice of Kuban JSC ***				
- other debt	(493 765)	(2 078 103)	1 868 039	(703 829)
- other debt	212 540	155 956	(241 043)	127 453
Rosseti Digital JSC *				
- trading operations	(391 870)	(407 649)	477 278	(322 241)
- other debt	(23 050)	(142 441)	158 511	(6 980)
Rosseti Lenenergo PJSC*				
- other debt	-	(5 067)	120	(4 947)
Rosseti Moscow Region PJSC*				
- other debt	-	(1 320)	1 320	-
Rosseti Center PJSC*				
- other debt	-	(1 374)	1 374	-
Rosseti South JSC *				
- other debt	-	(685 704)		(685 704)

\* A person belonging to the same group of persons to which the Company belongs.

\*\* A person has the right to dispose of more than 20% of the Company's shares.

\*\*\* The Company has the right to dispose of more than 50% of the total number of votes attributable to shares constituting the authorized capital of this person.

Settlements are carried out monthly, the terms of the contracts are market. The form of settlements is cashless.

Write-off of accounts receivable for which the statute of limitations has expired, other bad debts, including at the expense of the reserve for doubtful debts, was not made.

## Rosseti Kuban PJSC

## 6.12.3. Remuneration to be paid to key management personnel

Table 21 - Information on the amount of payments to key management personnel

Types of payments	Members of the Board of Directors		Member of the Audit Commission		Board members	
	2021	2022	2021	2022	2021	2022
<b>1. Short-term remuneration, including</b>	<b>16 530</b>	<b>22 704</b>	<b>986</b>	<b>1 034</b>	<b>1 793</b>	<b>1 979</b>
<b>1.1. Labour remuneration for the reporting period (without vacation allowance)</b>	<b>12 746</b>	<b>17 411</b>	<b>756</b>	<b>793</b>	<b>1 539</b>	<b>1 668</b>
a) premium	-	-	-	-	-	-
b) bonuses	-	-	-	-	-	-
c) other payments of an incentive nature, the basis for the accrual of which are specific indicators of labor or performance results	-	-	-	-	-	-
<b>1.2. Annual paid leave for work in the reporting period</b>	-	-	-	-	-	-
<b>1.3. Other payments in favor of the key management personnel (regardless of the existence of a condition in the labor contract) total, including</b>	-	-	-	-	-	-
a) payment by the Company for utility services	-	-	-	-	-	-
b) payment by the Company for medical care, including treatment	-	-	-	-	-	-
c) lump-sum payments of material assistance for vacation	-	-	-	-	-	-
d) full or partial payments for recreation	-	-	-	-	-	-
e) full or partial payment of training for personal purposes	-	-	-	-	-	-
f) other (indicate which) including:	-	-	-	-	-	-
housing allowance	-	-	-	-	-	-
severance payments	-	-	-	-	-	-
<b>1.4. Accrued taxes and other mandatory payments to relevant budgets and extrabudgetary funds</b>	<b>3 784</b>	<b>5 293</b>	<b>230</b>	<b>241</b>	<b>254</b>	<b>311</b>
<b>2. Long-term remuneration, including:</b>	-	-	-	-	-	-
<b>2.1. Post-employment benefits, including</b>	-	-	-	-	-	-
a) payments under voluntary insurance contracts concluded with insurance organizations	-	-	-	-	-	-
b) payments under non-state pension agreements concluded with non-state pension funds	-	-	-	-	-	-
c) other payments ensuring payment of pensions and other social guarantees at the end of their employment	-	-	-	-	-	-
<b>2.2. Other long-term benefits</b>	-	-	-	-	-	-
<b>2.3. Accruals for long-term remuneration</b>	-	-	-	-	-	-
<b>3. Total remuneration (short-term and long-term) excluding accruals</b>	<b>12 746</b>	<b>17 411</b>	<b>756</b>	<b>793</b>	<b>1 539</b>	<b>1 668</b>
<b>4. Total remuneration accruals (short-term and long-term)</b>	<b>3 784</b>	<b>5 293</b>	<b>230</b>	<b>1 034</b>	<b>254</b>	<b>311</b>

### 6.13. Going Concern Principle

The financial statements of Rosseti Kuban PJSC for 2022 are prepared on the basis of the going concern principle, which implies that the Company is able to realize its assets and repay its obligations during normal business activities in the foreseeable future. As reflected in these financial statements, financial result (profit) of the Company for 2022 amounted to 5,244,477 thousand rubles (in 2021 - financial result (profit) amounted to 1,711,834 thousand rubles), short-term liabilities of the Company as of December 31, 2022 amounted to 25,914,315 thousand rubles, including liabilities on borrowed funds in the amount of 3,990,281 thousand rubles. The Company has opened free credit limits, which allow to ensure the refinancing of borrowed funds with maturity in 2023.

Thus, despite the working capital deficit, the management of the Company believes that the Company will be able to fulfill all its current obligations during 2023.

### 6.14. Estimated liabilities, contingent liabilities and assets

The Company recognizes estimated liabilities when the recognition conditions are met in accordance with the Regulation on Accounting "Estimated Liabilities, Contingent Liabilities and Contingent Assets" (PBU 8/2010), approved by order of the Ministry of Finance of the Russian Federation dated 13.12.2010 No. 167n.

In 2022, the Company recognized in accounting the estimated liabilities related to possible payments of unused leave payment in the amount of 599,208 thousand rubles, used the previously formed estimated liability in the amount of 559,388 thousand rubles, the balance at the end of the reporting period amounted to 370,778 thousand rubles. As of December 31, 2022, an estimated liability related to possible payments of remuneration for the year was formed in the amount of 551,772 thousand rubles.

As of December 31, 2022, the on-site tax audit for 2016-2018 has been completed. The Decision of the tax authority on the results of the on-site tax audit of financial and economic activities revealed violations regarding the definition of the operating service life and depreciation group for a number of energy infrastructure facilities.

Due to the existence of negative court practice on the additional calculation of income tax, as well as on the property tax of organizations due to overestimation of depreciation, the Company estimates the risk as "probable". In this regard, the management of the Company, exercising the principle of prudence, decided to create a reserve for estimated obligations in the amount of 173,376 thousand rubles.

Due to the absence in the Decision of the tax authority on the results of the on-site tax audit for the period 2016-2018 of claims on property tax of organizations, in terms of reclassification of fixed assets from "movable" to "immovable" property and a change in judicial practice in favor of other subsidiaries and affiliates of Rosseti PJSC, the amount of the previously created reserve of estimated liabilities for tax risks in the amount of 559,578 thousand rubles was completely restored.

The amount of the reserve for court disputes as of December 31, 2022 amounted to 319,620 thousand rubles.

No discounting of the value of the estimated liabilities recognized by the Company was made, since the expected performance period does not exceed 12 months after the reporting date.

There are no expected amounts of counter claims or claims against third parties for reimbursement of expenses that the Company will incur in the performance of the obligation, as well as assets recognized under such claims in accordance with Clause 19 of PBU 8/2010 as of the reporting date.

Information on the estimated liabilities is provided in the Notes to the balance sheet and the statement of financial results in table form 5.7.1. "Estimated liabilities".

### 6.15. Events after the reporting period

Accounting of events after the reporting date and disclosure of information about them in the reporting is carried out by the Company in accordance with the Regulation on Accounting "Events after the Reporting Date" of PBU 7/98, approved by Order of the Ministry of Finance of the Russian Federation dated November 25, 1998 No. 56n.

On January 09, 2023, the reorganization of the Russian Grids Public Joint Stock Company (the largest shareholder of the Company), the Far Eastern Energy Management Company - ENES Joint Stock Company (also the owner of a stake in the Company) was completed in the form of merger into the Federal Grid Company - Rosseti Public Joint Stock Company (successor) (OGRN 1024701893336, INN 4716016979), entry in the Unified State Register of Legal Entities under state registration number 2237700011767. Federal Grid Company - Rosseti PJSC is the



Rosseti Kuban PJSC

universal successor of the listed organizations, ownership of all shares of Rosseti Kuban PJSC owned by the specified shareholders of the Company passed to it.

The share of Federal Grid Company - Rosseti Public Joint Stock Company from the placed shares of the Company as of 09.01.2023 is 99.69%.

The Company operates in the Russian Federation and is therefore exposed to risks related to the state of the economy and financial markets of the Russian Federation.

The economy of the Russian Federation manifests some characteristics typical of emerging markets. The country's economy is especially sensitive to oil and gas prices. Legal, tax and regulatory systems continue to develop and are subject to frequent changes, as well as admit the possibility of different interpretations.

In 2022, the effect of external sanctions on legal entities and individuals in the Russian Federation continues, in connection with which the influence of economic and other factors, as well as the uncertainty factor on the conditions for conducting activities in the Russian Federation, increases. In 2022, there continues to be high uncertainty of influence from external and internal factors for the economy of the Russian Federation, volatility of financial indicators. Sanctions have been imposed on a number of Russian banks in the United States, Great Britain and the EU. All of the above has a negative impact on the economy of the Russian Federation. At the same time, during the reporting year there was a structural restructuring of the economy, a number of legislative measures made it possible to maintain the stability of the economy of the Russian Federation and adapt to the changes that were taking place.

There are no other facts of economic activity that have or may subsequently have an impact on the financial condition or results of the Company's activities and occur between the reporting date (December 31, 2022) and the date of signing the accounting (financial) statements of Rosseti Kuban PJSC for 2022.

Deputy General Director  
for Economics and Finance  
Rosseti Kuban PJSC

K.A. Iordanidi

Chief Accountant - Head of the  
Department of Accounting, Tax Accounting  
and Reporting  
Rosseti Kuban PJSC

L.V. Loskutova

March 21, 2023

Rosseti Kuban PJSC

## Appendices to the Balance Sheet and the Statement of Financial Results

Appendix 5.1.1 "Availability and movement of intangible assets"

Appendix 5.2.1 "Availability and movement of R&amp;D results"

Appendix 5.2.2 "Unfinished and unregistered R&amp;D and unfinished transactions for the acquisition of intangible assets"

Appendix 5.3.1 "Availability and movement of fixed assets"

Appendix 5.3.3 "Change in the cost of property, plant and equipment as a result of further construction, additional equipment, reconstruction and partial liquidation"

Appendix 5.3.4 "Other use of property, plant and equipment"

Appendix 5.3.5 "Capital work in progress"

Appendix 5.3.6 Advances issued for capital construction and acquisition of property, plant and equipment"

Appendix 5.3.7 "Availability and movement of the right-of-use asset"

Appendix 5.4.1 "Availability and movement of financial investments"

Appendix 5.4.2 "Adjustments to estimates of financial investments"

Appendix 5.5.1 "Availability and movement of inventory"

Appendix 5.5.2 "Pledged inventory"

Appendix 5.6.1 "Availability and movement of receivables"

Appendix 5.6.3 "Overdue accounts receivable"

Appendix 5.6.5 "Availability and movement of accounts payable"

Appendix 5.6.6 "Overdue accounts payable"

Appendix 5.6.7 "Credits and loans"

Appendix 5.6.8 "Credit and loan costs"

Appendix 5.7.1 "Estimated liabilities"

Appendix 5.7.2 "Deferred taxes"

Appendix 5.8 "Securities"

Appendix 5.9 "State assistance"

Appendix 5.11 "Other income and expenses"

Appendix 5.13 "Information on reporting segments"

Appendix 2.1 "Cost of sold products, works, services by cost elements"

Appendix 2.2 "Earnings per share, diluted earnings per share"

Appendix 2.3 "Profit taxation"

# APPENDIX NO. 5

Independent Auditor's  
Independent Auditor's Report  
on the Consolidated Financial Statements  
**of Public Joint Stock Company "Rosseti Kuban"  
and its subsidiaries**  
for 2022

*March 2023*

**Independent Auditor's  
Report  
on the Consolidated Financial Statements  
of Public Joint Stock Company  
"Rosseti Kuban" and its subsidiaries**



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**Independent Auditor's  
Report**

To the Shareholders and the Board of Directors  
of Public Joint Stock Company "Rosseti Kuban"

**Opinion**

We have audited the Consolidated Financial Statements of Public Joint Stock Company "Rosseti Kuban" and its subsidiaries (the "Group"), which comprise the consolidated statement of profit and loss and other comprehensive income for 2022, the consolidated statement of financial position as at December 31, 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for 2022 as well as notes to the consolidated financial statements including a brief overview of the significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as of December 31, 2022 as well as its consolidated financial performance and consolidated cash flows for 2022 in accordance with the International Financial Reporting Standards (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including the International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in the Russian Federation, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Issues**

The key audit issues are the issues that, according to our professional judgment, were the most significant for our audit of the Consolidated Financial Statements for the report period. We reviewed these issues in the context of our audit of the Consolidated Financial Statements as a whole and when forming our opinion on such statements, and we do not express a separate opinion on these issues. With respect to each of the issues listed below, we provide our description of how we reviewed it within our audit in that context.



We have fulfilled our obligations described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report including with respect to these issues. Thus, our audit included the implementation of procedures designed in response to our assessment of the risk of material misstatements of the Consolidated Financial Statements. The result of our audit procedures including those implemented during the review of the issues specified below serves as the basis for our auditor's opinion on the accompanying Consolidated Financial Statements.

#### **Key Audit Issue**

#### **Review of the Key Audit Issue Within Our Audit**

##### **Recognition and Assessment of Revenue from Power Transmission Services**

The recognition and assessment of revenue from power transmission services was one of the key issues of our audit due to the certain peculiarities of the electric power market operations which create grounds for disputes between the power grid, utility, and other entities with respect to the scope and price of the transmitted power. The revenue disputed by the contractors is significant for the Group's financial statements. The assessment by the Group's management of the probability of the disputes being resolved in favor of the Group is mostly subjective. The revenue is only recognized when, in view of the assumptions, the disputes are resolved in favor of the Group.

Information on the revenue from the power transmission services is disclosed in paragraph 7 of the Notes to the Consolidated Financial Statements.

##### **Provision for Expected Credit Losses on Trade Accounts Receivable**

The issue of creating a provision for expected credit loss with respect to trade receivables was one of the key issues for our audit due to the significant balances of trade receivables as of December 31, 2022 as well as due to the fact that management's assessment of the probability of recovering this debt is based on assumptions, in particular, on the solvency forecast for the Group's buyers.

Information on the provision for expected credit loss with respect to trade receivables is disclosed in paragraph 32 (a) of the Notes to the Consolidated Financial Statements.

We have reviewed the accounting policy used with respect to the recognition of the revenue from the power transmission services, studied the internal control system for the reflection of this revenue, audited the procedure for calculating the relevant revenue amounts based on the concluded power transmission contracts, selectively verified the receivables balances from counterparties, analyzed the legal arguments in respect of disputed amounts for the services rendered, if any, and assessed the existing procedures for confirming the scope of the power transmitted.

We analyzed the Group's accounting policy in relation to trade receivable for the creation of a provision for expected credit loss with respect to trade receivable, and also reviewed the assessment procedures made by the Group's management including analysis of payment of trade receivable, analysis of maturities and overdue liabilities, analysis of the buyers' solvency.

We conducted the audit procedures with respect to the information used by the Group to determine the provision for expected credit loss with respect to trade receivables as well as with respect to the structure of receivable by the dates of occurrence and repayment, and tested the calculation of the accrued provision amounts.



#### **Key Audit Issue**

#### **Review of the Key Audit Issue Within Our Audit**

##### **Recognition, Assessment and Reporting of Reserves, Provisions, Allowances, and Contingent Liabilities**

Recognition, assessment and reporting of reserves, provisions, allowances, and contingent liabilities with respect to the legal arguments and contractors' claims (including the territorial power grid and utility companies) were one of the key issues of our audit due to the fact that those require substantial management judgments with respect to the significant amounts of balances with counterparties that are being disputed in court or subject to pre-trial mediation.

Information on the reserves, provisions, allowances, and contingent liabilities is disclosed in paragraph 31 of the Notes to the Consolidated Financial Statements.

##### **Impairment of Fixed Assets**

Due to the presence of signs of impairment of fixed assets as of December 31, 2022, the Group conducted an impairment test. The value of the property, plant and equipment use, representing a significant share of the Group's fixed assets, as of December 31, 2022 was determined using the cash flow projection method.

The issue of testing the fixed assets for impairment was one of the key issues for our audit, since the balance of fixed assets constitutes a significant part of all assets of the Group at the reporting date as well as because the process of assessing the value of use by management is complex, mostly subjective and based on the assumptions, in particular, on the forecast of the power transmission volumes, power transmission tariffs as well as operating and capital expenses which depend on the expected future market and economic conditions in the Russian Federation.

Information on the results of the analysis of fixed assets for the impairment is disclosed by the Group in paragraph 14 of the Notes to the Consolidated Financial Statements.

##### **Other Information Included in the Annual Report for 2022**

Other information comprises the information included in the Annual Report for 2022 but does not include the Consolidated Financial Statements and our auditor's report thereon. The management is responsible for the other information. The annual report for 2022 is expected to be provided to us after the date of this auditor's report.

The audit procedures, among others, included the analysis of rulings made by courts of various levels and a review of the management's judgments with respect to the assessment of the probability of the economic resources' outflow due to settlement of disputes, a study of compliance of the documentation prepared with the provisions of existing valid agreements and laws, an analysis of the disclosure of provisions' reporting and contingent liabilities in the Notes to the Consolidated Financial Statements.

As part of our audit procedures, we have analyzed, among others, the assumptions and methods used by the Group, in particular those related to the revenue projection from the power transmission, tariff solutions, operating and capital expenses, long-term tariff growth rates and discount rates. We have conducted a sample basis testing of the incoming data embedded in the model and testing the arithmetic accuracy of the model used to determine the recoverable amount in the impairment test of fixed assets. We have engaged the internal assessment specialists to analyze the model used to determine the recoverable amount in the impairment test of the fixed assets. We have also analyzed the sensitivity of the model to changes in the key assessment indicators and the information disclosed by the Group about the assumptions on which the results of impairment testing depend the most.





Our opinion on the Consolidated Financial Statements does not cover the other information, and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information when it is provided to us, and to consider whether there are material inconsistencies between the other information and the Consolidated Financial Statements or our knowledge obtained in the audit, and whether the other information contains other material misstatements.

**Responsibilities of the Management and the Audit Committee of the Board of Directors for the Consolidated Financial Statements**

The management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with the IFRS, and for such internal control as the management determines is necessary to prepare consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing the Group's ability to continue as a going concern, for disclosing the matters related to going concern, as applicable, and for preparing the statements based on the going concern assumption, unless the management intends to liquidate the Group, terminate its operations or has no realistic alternative such actions.

The Audit Committee of the Board of Directors is responsible for overseeing the process of preparing the Group's financial statements.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance that the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always reveal a material misstatement, if any. Misstatements can arise as the result of fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these Consolidated Financial Statements.



As part of an audit conducted in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error; design and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detection of material misstatement as a result of fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of the internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system;
- ▶ evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and the related disclosures made by the management;
- ▶ conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, conclude whether there is a material uncertainty related to events or conditions that may cause significant doubt on the Group's ability to continue operating continuously. If we conclude that there is a material uncertainty, we should draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our audit opinion. However, future events or conditions may cause the Group to cease its ability to continue a going concern;
- ▶ evaluate the presentation of the Consolidated Financial Statements as a whole, its structure and content, including disclosures as well as whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves a true and fair view;
- ▶ obtain sufficient proper audit evidence with respect to the financial information of the entities and business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the overall management, control and audit of the Group. We are solely responsible for our audit opinion.

We communicate with the Audit Committee of the Board of Directors, bringing to its attention, among other matters, the information about the planned scope and timing of the audit as well as significant comments on the audit findings including significant deficiencies in the internal control system if we identify them during our audit.



We also stated to the Audit Committee of the Board of Directors that we have complied with all existing ethical independence requirements and informed these persons about all relationships and other issues that may reasonably be deemed affecting the auditor's independence, and, if necessary, about the actions taken to eliminate threats or precautions taken.

From those issues that we have stated to the Audit Committee of the Board of Directors, we determine the issues that are key for the audit of the Consolidated Financial Statements for the report period and that are, consequently, the key audit issues. We describe those issues in our audit report, except for the cases when the public disclosure of information on such issues is prohibited by law or regulation, or when in extremely rare cases we come to the conclusion that information on any issue should not be disclosed in our report since the adverse effects of such information disclosure are reasonably expected to exceed the socially significant advantages resulting from its disclosure.

Officer responsible for the audit resulting in the making of this independent auditor's report is T.L. Okolotina

T.L. Okolotina,  
acting on behalf of Center for Audit Technologies and Solutions (TSATR) – Audit Services Limited Liability Company  
by proxy [unnumbered] dated April 18, 2022,  
Officer responsible for the audit resulting in the making of this Independent Auditor's Report  
(Principal Number of Registration Entry 21906110171)

March 21, 2023

#### Information on the Auditor

Name: Center for Audit Technologies and Solutions (TSATR) – Audit Services Limited Liability Company  
The entry was entered into the Unified State Register of Legal Entities on December 5, 2002 and assigned the State Registration Number 1027739707203.  
Location: 77 Sadovnicheskaya Naberezhnaya, bldg. 1, Moscow, 115035, Russia.  
Center for Audit Technologies and Solutions (TSATR) – Audit Services Limited Liability Company is a member of the Self-regulatory organization of Auditors Association Sodruzhestvo (SRO AAS). Center for Audit Technologies and Solutions (TSATR) – Audit Services Limited Liability Company is listed in the reference copy of the Register of Auditors and Auditing Entities under entry with Principal Registration Number 12006020327.

#### Information on the Audited Entity

Name: Public Joint Stock Company "Rosseti Kuban"  
The entry was entered into the Unified State Register of Legal Entities on September 17, 2022 and assigned the State Registration Number 1022301427268.  
Location: 2a Stavropolskaya str., Krasnodar, Krasnodar Region, 350033, Russia.

#### PJSC "Rosseti Kuban" Consolidated Statement of Profit or Loss and Other Comprehensive Income (in thousands Russian Rubles, if not mentioned otherwise)

	Note	For the year ended on December 31, 2022	For the year ended on December 31, 2021
Revenue	7	64,243,200	58,014,622
Operating expenses	10	(55,394,850)	(53,407,510)
Charge of provision for expected credit losses		(625,294)	(535,911)
Net charge of impairment loss of property, plant and equipment and right-of-use assets	14	–	(252)
Other income	8	1,792,581	1,007,256
Other expenses	9	(115,294)	(206,243)
<b>Operating profit</b>		<b>9,900,343</b>	<b>4,871,962</b>
Financial income	12	123,324	46,492
Financial expenses	12	(2,473,317)	(1,957,733)
<b>Total finance expenses</b>		<b>(2,349,993)</b>	<b>(1,911,241)</b>
<b>Profit before tax</b>		<b>7,550,350</b>	<b>2,960,721</b>
Income tax expense	13	(1,851,980)	(1,096,276)
<b>Profit for the period</b>		<b>5,698,370</b>	<b>1,864,445</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that cannot be subsequently reclassified to profit or loss</i>			
Revaluation of liabilities for the programs with fixed payments	27	(54,109)	16,072
Income tax	13	10,822	(3,214)
<b>Total items that cannot be subsequently reclassified to profit or loss</b>		<b>(43,287)</b>	<b>12,858</b>
<b>Other comprehensive income/(expense) for the period, except income tax</b>		<b>(43,287)</b>	<b>12,858</b>
<b>Total comprehensive income for the period</b>		<b>5,655,083</b>	<b>1,877,303</b>
<b>Profit attributable to:</b>			
Company owners		5,698,370	1,864,445
<b>Total comprehensive income attributable to:</b>			
Company owners		5,655,083	1,877,303
<b>Earnings per share</b>			
Basic and diluted earnings per share (RUB)	24	16.28	5.45

These Consolidated Financial Statements were approved by the management on March 21, 2023 and signed on behalf of the management by the following persons

Deputy General Director  
for Economics and Finance  
(by proxy dated December 20, 2022  
in the register under No. 23/256-n/23-2022-50-487)

K.A. Iordanidi

Chief Accountant – Head  
of the Bookkeeping  
and Tax Accounting and Statements Department

L.V. Loskutova

**PJSC “Rosseti Kuban”**  
Consolidated Statement of Financial Position  
(in thousands Russian Rubles, if not mentioned otherwise)

	Note	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	14	69,358,559	60,777,771
Intangible assets	15	202,638	260,170
Right-of-use assets	16	3,397,399	4,512,530
Trade and other accounts receivable	20	32,935	9,027
Assets associated with employee benefits liabilities	27	302,550	308,658
Other fixed financial assets		1	1
Deferred tax assets	17	76,001	123,335
Advances issued and other fixed assets	21	8,129	6,341
<b>Total fixed assets</b>		<b>73,378,212</b>	<b>65,997,833</b>
<b>Current assets</b>			
Inventories	19	2,033,586	2,181,199
Prepayment of income tax		706,228	264,915
Trade and other accounts receivable	20	6,853,100	6,209,655
Cash and cash equivalents	22	4,160,721	1,984,357
Advances issued and other current assets	21	131,821	265,156
<b>Total current assets</b>		<b>13,885,456</b>	<b>10,905,282</b>
Assets classified as held for sale	18	20,403	20,510
<b>Total current assets</b>		<b>13,905,859</b>	<b>10,925,792</b>
<b>Total assets</b>		<b>87,284,071</b>	<b>76,923,625</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Charter capital	23	33,465,784	33,465,784
Share premium		6,481,916	6,481,916
Reserve for capital stock issues		2,864,262	760,060
Other reserves		(429,806)	(386,519)
Accumulated loss		(2,051,982)	(4 874 655)
<b>Total equity which is payable to Company owners</b>		<b>40,330,174</b>	<b>35,446,586</b>
<b>Non-current liabilities</b>			
Non-current borrowings	25	19,305,894	19,742,520
Non-current trade and other accounts payable	28	93,604	122,135
Non-current advances received	30	1,973,121	1,133,942
Employee benefit liabilities	27	621,344	545,309
Deferred tax liabilities	17	393,341	2,190
<b>Total non-current liabilities</b>		<b>22,387,304</b>	<b>21,546,096</b>
<b>Current liabilities</b>			
Current borrowings and current portion of non-current borrowings	25	5,582,398	6,171,194
Trade and other account payable	28	11,079,936	8,717,865
Government subsidies		-	370
Advances received	30	5,208,893	1,991,891
Taxes payable except income tax	29	1,231,772	965,173
Estimated liabilities	31	1,460,893	2,084,450
Current income tax payable		2,701	-
<b>Total current liabilities</b>		<b>24,566,593</b>	<b>19,930,943</b>
<b>Total liabilities</b>		<b>46,953,897</b>	<b>41,477,039</b>
<b>Total equity and liabilities</b>		<b>87,284,071</b>	<b>76,923,625</b>

**PJSC “Rosseti Kuban”**  
Consolidated Statement of Cash Flows  
(in thousands Russian Rubles, if not mentioned otherwise)

	Note	For the year ended on December 31, 2022	For the year ended on December 31, 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) for the period</b>		<b>5,698,370</b>	<b>1,864,445</b>
<i>Adjustments:</i>			
Amortization of property, plant and equipment, right-of-use assets and intangible assets	10	6,198,911	5,736,451
Net charge of impairment loss of property, plant and equipment and right-of-use assets	14	-	252
Financial expenses	12	2,473,317	1,957,733
Financial income	12	(123,324)	(46,492)
Loss from property, plant and equipment sale	8, 9	72,087	184,847
Recovery of provision for impairment of inventory		50,057	(3,017)
Charge of provision for expected credit losses		625,294	535,911
Write-off of bad debts		499,599	(3,073)
Write-off of accounts payable	8	(57,629)	(34,298)
Change of government subsidies		(370)	(11,912)
Change of estimated liabilities	10	(101,251)	1,348,209
Other non-cash transactions		(371,581)	(182,337)
Income tax expense	13	1,851,980	1,096,276
<b>Total adjustments impact</b>		<b>11,117,090</b>	<b>10,578,550</b>
Change in assets associated with employee benefits liabilities		6,108	10,679
Change in employee benefits liabilities		(20,146)	(31,165)
Change in non-current trade and other accounts receivable		(88,549)	6,652
Change in non-current advances issued and other fixed assets		(1,788)	(2,399)
Change in non-current trade and other accounts payable		(7,648)	(7,305)
Change in non-current advances received		839,179	(44,666)
<b>Cash flow from operating activities before changes in working capital and estimated liabilities</b>		<b>17,542,616</b>	<b>12,374,791</b>
<i>Changes in operating assets and liabilities:</i>			
Changes in trade and other accounts receivable		(1,335,773)	1,400,093
Change in advances issued and other assets		134,466	(125,172)
Change in inventories		97,556	(99,738)
Change in trade and other accounts payable		409,002	364,503
Change in advances received		3,272,213	(233,500)
Use of estimated liabilities		(557,745)	(217,546)
<b>Cash flow from operating activities before payment of income tax and interests</b>		<b>19,562,335</b>	<b>13,463,431</b>
Income tax paid		(1,851,429)	(1,242,367)
Interest paid under the lease agreements	26	(341,457)	(401,486)
Interest paid	26	(2,408,038)	(1,700,415)
<b>Net cash from operating activities</b>		<b>14,961,411</b>	<b>10,119,163</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment and intangible assets acquisition		(10,955,854)	(6,014,339)
Interests received		106,369	26,438
<b>Net cash used in investing activities</b>		<b>(10,849,485)</b>	<b>(5,987,901)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Raising borrowings	26	15,683,201	24,015,046
Repayment of loans and borrowings	26	(15,616,215)	(26,361,654)
Proceeds from shares issuing		2,104,202	760,060
Dividends paid to Company owners	26	(2,774,363)	(8)
Change in lease liabilities		(3,416)	10,543
Payments for lease liabilities	26	(1,328,971)	(1,323,437)
<b>Net cash from (used in) financing activities</b>		<b>(1,935,562)</b>	<b>(2,899,450)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>2,176,364</b>	<b>1,231,812</b>
Cash and cash equivalents at the beginning of the reporting period	22	1,984,357	752,545
<b>Cash and cash equivalents at the end of the reporting period</b>	22	<b>4,160,721</b>	<b>1,984,357</b>

The appended notes constitute an integral part of the present Consolidated Financial Statements.

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The appended notes constitute an integral part of the present Consolidated Financial Statements.

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**PJSC “Rosseti Kuban”**  
*Notes to the Consolidated Financial Statements  
for the year ended on December 31, 2022  
(in thousands Russian rubles, if not mentioned otherwise)*

## 1 General Information

### (a) The Group and Its Activities

The core activity of PJSC “Rosseti Kuban” (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group” or “Rosseti Kuban Group of Companies”) is providing services for the transmission and distribution of energy that is transferred out of the electrical system and services for technological connection of consumers to electric networks.

Location of PJSC “Rosseti Kuban”: 2A Stavropolskaya str., Krasnodar, Krasnodar Region, 350033, Russia.

The Company was founded in 1993 and is registered on the territory of the Russian Federation. The Company is a Public Joint Stock Company in accordance with the legislation of the Russian Federation.

Rosseti Kuban Group of Companies consists of PJSC “Rosseti Kuban” and its subsidiaries with 100 % participation in their charter capital: JSC Energetik Holiday Facility and JSC Kuban Energoservis.

The Group is controlled by Public Joint Stock Company “Rosseti” (hereinafter – PJSC “Rosseti”) which as of December 31, 2022 directly owned 93.96 % of the total number of outstanding ordinary shares (as of December 31, 2021 – 93.58 % of the total number of outstanding ordinary shares).

### (b) Relations with the Government

The Government of the Russian Federation represented by the Federal Agency for State Property Management is the ultimate controlling party of the ultimate parent company PJSC “Rosseti”.

The policy of the Government of the Russian Federation in economic, social and other spheres may have a significant impact on the Group's activities.

The State has an impact on the Group's activities by the agency of representatives of the Board of Directors of PJSC “Rosseti”, rate regulation in the electric power industry, approval and supervision of the investment program implementation. The Group's counterparties (consumers of services, suppliers and contractors, etc.) include a substantial number of government-controlled enterprises.

As of December 31, 2022 and 2021, PJSC “Rosseti” owned 93.96 % and 93.58 % of the total number of outstanding ordinary shares in the share capital of PJSC “Rosseti Kuban”, respectively.

As of December 31, 2022 and 2021, the Russian Federation owned 88.04 % of the shares in the charter capital of the ultimate parent company PJSC “Rosseti” including 88.89 % of the ordinary voting shares and 7.01 % of the preference shares.

The Extraordinary General Meeting of Shareholders of PJSC “Rosseti” held on September 16, 2022, decided to reorganize PJSC “Rosseti” through its consolidation with Public Joint Stock Company “Federal Network Company – Rosseti” pursuant to and as specified in the consolidation agreement.

On January 9, 2023, the data was entered into the Unified State Register of Legal Entities about the termination of the PJSC “Rosseti” activity through reorganization by means of consolidation with Public Joint Stock Company “Federal Network Company – Rosseti” being a universal successor of PJSC “Rosseti”. As a result of the reorganization, the interest of the Russian Federation in the charter capital of the ultimate parent company – Public Joint Stock Company “Federal Network Company – Rosseti” – amounted to 75.000048 %.

	Charter capital	Share premium	Reserve for capital stock issues	Other reserves	Unrecovered loss	Total equity
<b>Balance as of January 1, 2022</b>	33,465,784	6,481,916	760,060	(386,519)	(4,874,655)	35,446,586
Other changes in retained earnings (Note 23-c)	–	–	–	–	71	71
<b>Profit for the period</b>	–	–	–	–	5,698,370	5,698,370
<i>Other comprehensive income/(expense)</i>	–	–	–	(54,109)	–	(54,109)
Revaluation of net liabilities (assets) of pension liabilities	–	–	–	10,822	–	10,822
Income tax in respect of other comprehensive income (Note 13)	–	–	–	(43,287)	–	(43,287)
<b>Total comprehensive income for the period</b>	–	–	–	–	5,698,370	5,655,083
<i>Transactions with Company owners recorded directly in equity</i>	–	–	2,104,202	–	–	2,104,202
Issue of shares (Note 23-d)	–	–	–	–	(2,875,768)	(2,875,768)
Dividends to shareholders	–	–	–	–	–	–
<b>Balance as of December 31, 2022</b>	33,465,784	6,481,916	2,864,262	(429,806)	(2,051,982)	40,330,174
<b>Balance as of January 1, 2021</b>	33,465,784	6,481,916	–	(399,377)	(6,739,229)	32,809,094
Other changes in retained earnings	–	–	–	–	129	129
<b>Profit for the period</b>	–	–	–	–	1,864,445	1,864,445
<i>Other comprehensive income/(expense)</i>	–	–	–	–	–	–
Revaluation of net liabilities (assets) of pension liabilities	–	–	–	16,072	–	16,072
Income tax in respect of other comprehensive income	–	–	–	(3,214)	–	(3,214)
<b>Total comprehensive income for the period</b>	–	–	–	12,858	1,864,445	1,877,303
<i>Transactions with Company owners recorded directly in equity</i>	–	–	760,060	–	–	760,060
Issue of shares	–	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–	–
<b>Balance as of December 31, 2021</b>	33,465,784	6,481,916	760,060	(386,519)	(4,874,655)	35,446,586

**PJSC “Rosseti Kuban”**  
*Consolidated Statement of Changes in Equity  
(in thousands Russian Rubles, if not mentioned otherwise)*



**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
for the year ended on December 31, 2022  
(in thousands Russian rubles, if not mentioned otherwise)

### Economic Environment Where the Group Carries Out Its Activities

The Group carries out its activities in the Russian Federation and thus is exposed to risks arising from the economic situation and state of financial markets of the Russian Federation.

The economy of the Russian Federation shows some characteristics of emerging markets. The country's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory systems continue to evolve and are subject to frequent changes, as well as the possibility for various interpretations.

In 2022, the action of external sanctions on legal entities and individuals in the Russian Federation has continued and thus the effect of economic and other factors as well as uncertainty on the business conditions in the Russian Federation has intensified. In 2022, the uncertainty of the effect of external and internal factors remains high for the Russian Federation economics and financial indicator volatility persists. Sanctions have been imposed on a number of Russian banks by the United States, the United Kingdom and the EU. All mentioned above has negative impact on the Russian Federation economics. Simultaneously, structural changes of economics have occurred during the reporting year and several legislative measures enable the Russian Federation economics to maintain stability and adapt to the ongoing changes.

The Group takes all measures necessary to ensure stable activity. The presented Consolidated Financial Statements reflects the management's point of view on how the business conditions in the Russian Federation influence the Group's activity and financial position. The actual effect of future business environment may differ from current assessments.

## 2 Basis for Preparation of Consolidated Financial Statements

### (a) Declaration of Conformity with the IFRS

These Consolidated Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS).

Every enterprise of the Group maintains individual accounting records and prepares official financial statements in accordance with the Russian Accounting Standards (hereinafter referred to as the “RAS”). These Consolidated Financial Statements have been prepared on the basis of the accounting records under the RAS adjusted and reclassified for the purposes of fair presentation of the financial statements in accordance with the IFRS.

### (b) Basis for Determining the Cost

These Consolidated Financial Statements have been prepared on the basis of initial (historical) cost, with the exception of:

- financial assets measurable at fair value through profit or loss;
- financial assets measurable at fair value through other comprehensive income.

### (c) Functional Currency and Reporting Currency

The national currency of the Russian Federation is the Russian ruble (hereinafter referred to as the “Ruble” or “RUB”) which is used by the Group as the functional currency and reporting currency of these Consolidated Financial Statements. All numerical indicators in Russian rubles were rounded to the nearest thousand.

**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
for the year ended on December 31, 2022  
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### (d) Use of Accounting Estimates and Professional Judgments

The preparation of Consolidated Financial Statements in accordance with the IFRS requires the management to make professional judgments, assumptions and estimates that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management constantly reviews the estimates and assumptions made based on the experience gained and other factors that have been used as the basis for determining the book value of assets and liabilities. Changes in accounting estimates and assumptions are recognized in the period in which they were adopted, if the change affects only that period, or are recognized in the period to which the change relates and in subsequent periods if the change affects both this and future periods.

The professional judgments that have the most significant impact on the indicators reflected in the Consolidated Financial Statements, accounting estimates and assumptions that may lead to the need for significant adjustments to the book values of assets and liabilities over the next year include the following:

#### *Impairment of property, plant and equipment and right-of-use assets*

As of each reporting date, the Group's management determines whether there are signs of impairment of property, plant and equipment and right-of-use assets. The signs of impairment include changes in business plans, tariffs, and other factors leading to adverse consequences for the Group's operations. In making value-in-use calculations, the management evaluates the expected cash flows from a cash generating unit or units and calculates an acceptable discount rate to calculate the present value of these cash flows. The detailed information is provided in Note 14 “Property, Plant and Equipment” and Note 16 “Right-of-Use Assets”.

#### *Determination of the lease period under the contracts with an option to extend or an option to terminate the lease – The Group as a lessee*

The Group defines the lease period as a lease period that is not subject to early termination, together with the periods for which an option to extend the lease is available if there is sufficient confidence that it will be exercised, or the periods for which an option to terminate the lease is available if there is sufficient confidence that it will not be exercised.

In making a judgment to assess whether the Group has sufficient confidence in the exercise of an option to extend or an option to terminate the lease in determining the lease period, the Group considers the following factors:

- whether the leased property is specialized;
- location of the object;
- whether the Group and the lessor have the practical possibility of choosing an alternative counterparty (choosing an alternative asset);
- costs associated with the termination of the lease and the conclusion of a new (replacement) contract;
- availability of significant improvements to leased property.

**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
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**Impairment of accounts receivable**

A provision for expected credit losses on accounts receivable is created based on the management's probability estimation of specific debt redemption of the specific borrowers. For the purposes of estimation of credit losses, the Group consistently considers all reasonable and verified information about past, current and predictable events that is available without excessive effort and is relevant for the assessment of accounts receivable. The experience gained in the past is adjusted based on the data currently available in order to reflect current factors that did not affect previous periods, and in order to exclude the influence of factors that occurred in the past and no longer exist.

**Pension payment liabilities**

The expenses for the pension program with fixed payments and the corresponding expenses of the pension program are determined using actuarial expectations. Actuarial valuations require using assumptions about demographic and financial data. There are material uncertainties in regards to such valuations because of the long-term program.

**Recognition of deferred tax assets**

The management evaluates deferred tax assets at each reporting date and determines the amount to be reflected to the extent that tax deductions are likely to be used. When determining future taxable income and the amount of tax deductions, the management uses the accounting estimates and judgments based on the value of taxable income for previous years and expectations regarding the deferred income that is believed to be reasonable in the circumstances.

**Estimated reserves for lawsuits and claims**

The provision for lawsuits and claims is created based on the management's assessment of the probability of the adverse outcome for the received lawsuits and repayment claims. For the purposes of estimating reserves, the Group consistently considers all reasonable and verifiable information about past, current and predictable events that is available without excessive effort and is relevant for the assessment of the liability. The experience gained in the past is adjusted based on the data currently available in order to reflect current factors that did not affect previous periods, and in order to exclude the influence of factors that occurred in the past and no longer exist.

**(e) New standards, clarifications on amendments to existing standards**

The amendments to standards listed below became mandatory on January 1, 2022 and had no significant impact on the Group's Consolidated Financial Statements:

- “Revenue Received Before Start of Expected Asset Use”, “Onerous Contracts – Contract Performance Cost”.
- “References to Conceptual Framework” – limited-scope amendments to IFRS (IAS) 16, IFRS (IAS) 37 and IFRS 3.
- Annual improvements of IFRS in 2018–2020 with respect to IFRS 1, IFRS 9, IFRS 16 and IFRS (IAS) 41 (issued on May 14, 2020 and coming into force for annual periods starting on January 1, 2022 or after the date).

**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
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Several new standards and interpretations have been published and are mandatory for annual periods starting on January 1, 2023 or after the date. The Group intends to adopt the applicable standards and clarifications for use after entry into force, no significant impact on the Group's Consolidated Financial Statements is expected:

- IFRS 17 “Insurance Contracts” (issued on May 18, 2017 and coming into force for annual periods starting on January 1, 2021 or after the date, the date of coming into force was postponed to January 1, 2023 through Amendments to IFRS 17 issued on June 25, 2020).
- “Classification of Liabilities as Current or Non-current” – Amendments to IFRS (IAS) 1 (issued on January 23, 2020 and coming into force for annual periods starting on January 1, 2022 or after the date, the date of coming into force was postponed to January 1, 2024 through Amendments to IFRS (IAS) 1).
- Amendments to IFRS (IAS) 1 and Practical Guidance 2 on IFRS: “Disclosure of Information About Accounting Policies” (issued on February 12, 2021 and coming into force for annual periods starting on January 1, 2023 or after the date).
- “Deferred Tax on Assets and Liabilities Arising from a Single Operation” – Amendments to IFRS (IAS) 12 (issued on May 7, 2021 and coming into force for annual periods starting for annual periods starting on January 1, 2023 or after the date).
- Amendments to IFRS 10 and IFRS (IAS) 28 – “Sale or Contribution of Assets in Transactions Between Investor and Its Associate or Joint Venture” (issued on September 11, 2014 and coming into force for annual periods starting for annual periods starting on the date to be determined by the IFRS Board or after the date).
- Amendments to IFRS 17 and amendments to IFRS 4 (issued on June 25, 2020 and coming into force for annual periods starting for annual periods starting on January 1, 2023 or after the date).
- Amendments to IFRS (IAS) 8: “Definition of Accounting Valuations” (issued on February 12, 2021 and coming into force for annual periods starting for annual periods starting on January 1, 2023 or after the date).
- “Lease Liabilities at Sale or Leaseback” – Amendments to IFRS 16 (issued on September 22, 2022 and coming into force for annual periods starting for annual periods starting on January 1, 2024 or after the date).
- “Long-Term Covenant Liabilities” – Amendments to IFRS (IAS) 1 (issued on October 31, 2022 and coming into force for annual periods starting for annual periods starting on January 1, 2024 or after the date).

**3 Significant Accounting Policies**

The accounting policies described below have been applied consistently in all reporting periods presented in these Consolidated Financial Statements.

Amendments to the current standards which entered into force for annual reporting periods beginning on January 1, 2022 did not have a significant impact on these Consolidated Financial Statements of the Group.

**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
for the year ended on December 31, 2022  
(in thousands Russian rubles, if not mentioned otherwise)

**(a) Consolidation Principles**

**i. Subsidiaries**

Subsidiaries are companies controlled by the Group. The Group controls a subsidiary when the Group is exposed to risks associated with variable returns from its involvement with the entity or has rights to receive such returns, and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are reflected in the Consolidated Financial Statements from the date of receipt of control until the date of its termination.

The accounting policies of subsidiaries were subject to changes in cases where it was necessary to align them with the accounting policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are fully allocated to the account of non-controlling interests, even if this leads to a debit (“deficit”) balance on this account.

**ii. Transactions eliminated on consolidation**

Intra-group balances and transactions as well as unrealized gains and losses from intra-group transactions are eliminated when preparing the Consolidated Financial Statements. Unrealized gains on transactions with investment objects accounted for by using the equity method are eliminated by reducing the value of the investment within the limits of the Group's interests in the relevant investment object. Unrealized losses are eliminated in the same manner as unrealized gains but only to the extent that they are not evidence of impairment.

**(b) Financial Instruments**

**i. Financial assets**

The Group classifies financial assets into the following categories of evaluation: those subsequently measured at amortized cost, those measured at fair value through other comprehensive income and those measured at fair value through profit or loss. The classification depends on the financial asset management business model and the cash flow characteristics stipulated by the contracts.

Financial assets are classified as measured at amortized cost if the following conditions are fulfilled: the asset is held within the framework of a business model, the purpose of which is to hold assets in order to receive the cash flows stipulated in the contract, and the conditions of the contract stipulate the receipt of cash flows on the specified dates which are exclusively payments to the principal amount of the debt and interest on the outstanding part of the principal amount of the debt.

In the category of financial assets measured at amortized cost, the Group includes the following financial assets:

- trade and other accounts receivable that satisfy the definition of financial assets if the Group does not intend to sell them immediately or in the near future;
- cash and cash equivalents.

For financial assets classified as measured at amortized cost, a provision is made for expected credit losses (hereinafter referred to as the “ECL”).

**PJSC “Rosseti Kuban”**  
Notes to the Consolidated Financial Statements  
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Upon termination of recognition of financial assets measured at amortized cost and fair value through profit or loss, the Group reflects in the statement of profit or loss and other comprehensive income (through profit or loss) the financial results from their disposal equal to the difference between the fair value reimbursement and the book value of the asset.

In the category of financial assets measured at fair value through other comprehensive income, the Group includes equity instruments of other companies that:

- are not classified as measurable at fair value through profit or loss; and
- do not provide the controlling Group with joint control or significant influence over Investee Company.

Upon termination of recognition of equity instruments of other companies classified at the Group's discretion as measurable at fair value through other comprehensive income, previously recognized components of other comprehensive income are transferred from the fair value reserve to retained earnings.

**ii. Impairment of financial assets**

Impairment reserves are assessed either on the basis of 12-month ECL which are the result of probable non-fulfillment of liabilities within 12 months after the reporting date, or lifetime ECL which are the result of all possible events of default during the expectancy period of a financial instrument.

For trade accounts receivable or contractual assets that arise as a result of transactions related to the scope of IFRS 15 “Revenue from Contracts with Customers” (including those containing a significant financing component) and accounts receivable on lease, the Group applies a simplified approach to the reserve measurement for expected credit losses – where it is measured in the amount equal to expected credit losses for the entire period.

Reserves for impairment of other financial assets classified as measurable at amortized cost are assessed on the basis of 12-month ECL if there has not been a significant increase in credit risk since recognition. The estimated reserve for expected credit losses on a financial instrument is estimated at each reporting date in an amount equal to the expected credit losses for the entire period if the credit risk on this financial instrument has increased significantly since initial recognition considering all reasonable and verifiable information including the predictable information.

As indicators of a significant increase in credit risk, the Group considers the actual or expected difficulties of the issuer or the borrower's asset, the actual or expected breach of the conditions of the contract, the expected revision of the conditions of the contract due to the financial difficulties of the borrower on disadvantageous terms for the Group to which it would not have given its consent under other circumstances.

Based on the common practice of credit risk management, the Group defines default as the inability of the counterparty (issuer) to fulfill its liabilities (including refund under the contract) due to a significant deterioration in the financial position.

An impairment credit loss on a financial asset is reported by means of recognition of an estimated reserve for its impairment. For a financial asset carried at amortized cost, the amount of the impairment loss is calculated as the difference between the book value of the asset and the present value of expected future cash flows discounted at the original effective interest rate.

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If, in the subsequent periods, the credit risk on a financial asset decreases as a result of an event that occurred after the recognition of this loss, the previously recognized impairment loss is subject to reversal by means of decrease of relevant valuation allowance. As a result of the reversal, the book value of the asset shall not exceed its value at which it would have been reflected in the statement of financial position if an impairment loss had not been recognized.

**iii. Financial liabilities**

The Group classifies financial liabilities into the following categories of evaluation: financial liabilities measured at fair value through profit or loss; financial liabilities measured at amortized cost.

In the category of financial liabilities measured at amortized cost, the Group includes the following financial liabilities:

- credit and loans (borrowings);
- trade and other accounts payable.

Credit and loans (borrowings) are initially recognized at fair value considering the transaction costs directly related to raising these funds. The fair value is defined relating to the prevailing market interest rates on similar instruments in case of its significant difference from the transaction price. In the subsequent periods, borrowings are carried at amortized cost using the effective interest method; all difference between the fair value of funds received (net of the transaction costs) and the amount to be paid is reflected in profit and loss as interest expense over the entire period of the liabilities for the redemption of borrowings.

Borrowing costs are recognized as expenses in the reporting period in which they were incurred if they were not related to the acquisition or construction of qualified assets. Borrowing costs related to the acquisition or construction of assets that take a significant period to prepare for use (qualifying assets) are capitalized as part of the asset value. Capitalization is carried out when the Group:

- bears the costs of qualifying assets;
- bears borrowing costs; and
- carries on business related to the preparation of assets for use or sale.

Capitalization of borrowing costs continues until the date when assets are ready for use or sale. The Group capitalizes those borrowing costs that could have been saved if the Group had not incurred the costs for qualifying assets. Borrowing costs are capitalized based on the average cost of financing the Group (weighted average interest expenses related to the prior expenses for qualifying assets), with the exception of borrowings that were received directly for the purpose of acquiring a qualifying asset. Actual borrowing costs reduced by the amount of investment income from temporary investing of loans are capitalized.

Accounts payable is calculated upon the contractor fulfills its liability under the contract. Accounts payable is recognized at fair value and further carried at amortized cost using the effective interest method.

**(c) Property, plant and equipment**

**i. Recognition and evaluation**

Items of property, plant and equipment are recorded at cost less accumulated amortization and impairment losses. The cost of property, plant and equipment as of January 1, 2012, i.e. at the date of transition to the IFRS, was determined on the basis of their fair value (deemed cost) at that date.

The cost includes all expenses directly related to the acquisition of the relevant asset. The cost of self-constructed (self-built) assets includes the costs of materials, direct labor costs, all other costs directly related to bringing assets into working condition for their intended use, the costs of dismantling and moving assets and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If an item of property, plant and equipment is made up of the integral separate components with different useful lives, each of them is recognized as a separate item (major component) of property, plant and equipment.

Any amounts of profit or loss from the disposal of an item of property, plant and equipment are determined by comparing the proceeds from its disposal with its book value and are recognized net in profit or loss for the period under the items “Other income” or “Other expenses” of the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

**ii. Subsequent costs**

The costs associated with the replacement of a part (major component) of an item of property, plant and equipment increase the book value of this item if the probability that the Group will receive future economic benefits related to this part is high and its cost can be reliably determined. The book value of the replaced part is written off. The costs of current repairs and maintenance of property, plant and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income at the time of their occurrence.

**iii. Amortization**

Amortization is recognized on a straight-line basis over the estimated useful lives of each part of the item of property, plant and equipment starting when this item is ready for use, since this method most accurately reflects the nature of the expected consumption of future economic benefits contained in the asset. Leased assets are amortized over the shorter of the lease period and the useful life of the assets. Land plots are not amortized.

Useful lives expressed in years by type of property, plant and equipment are presented below:

- |                                |             |
|--------------------------------|-------------|
| • buildings                    | 1–83 years; |
| • transmission networks        | 4–79 years; |
| • power transmission equipment | 1–42 years; |
| • other assets                 | 1–50 years. |

Amortization methods, useful lives and the residual value of property, plant and equipment are analyzed as of each reporting date and, if necessary, revised.



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**(d) Intangible assets**

Intangible assets include mainly capitalized computer software and licenses with a limited useful life. Purchased software and licenses are capitalized on the basis of the costs incurred to acquire them and bring them into a state of suitability for use.

Research costs are expensed as they arise. Development costs are recognized as intangible assets only when the Group can demonstrate the following: the technical feasibility of creating an intangible asset so that it is available for use or sale; its intention to create an intangible asset and use or sell it; how the intangible asset will generate future economic benefits; availability of resources to complete development as well as the ability to reliably estimate the costs incurred during development. Other development costs are expensed as incurred. Development costs previously expensed are not recognized in assets in the subsequent period. The book value of development costs is subject to annual impairment testing.

After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization of intangible assets is accrued on a straight-line basis over the asset useful life. At the end of each reporting year, amortization methods, useful lives and residual values are analyzed for the need to revise them and, if necessary, revised.

The expected useful lives of intangible assets in the reporting and comparative periods were as follows:

- Licenses and certificates 1–10 years;
- Software 1–15 years.

At each reporting date, the management assesses whether there are signs of impairment of intangible assets. In case of impairment, the book value of intangible assets is written off to the largest of two values: the value in use and the fair value of the asset less costs to sell.

**(e) Lease**

At the time of conclusion of the contract, the Group assesses whether the contract as a whole or its individual components is a lease agreement. A contract as a whole or its individual components is a lease agreement if the right to control the use of an identified asset for a certain period is transferred under this agreement in exchange for compensation.

Right-of-use assets are initially measured at cost and amortized to the earlier of the following dates: the end date of the useful life of the right-of-use asset or the end date of the lease period. The initial cost of the right-of-use asset includes the initial measurement of the lease liability, lease payments made before or at the start date of the lease, and initial direct costs. After recognition, right-of-use assets are carried at cost less accumulated amortization and accumulated impairment losses. Right-of-use assets are presented in the statement of financial position as a separate item.

The lease liability is initially measured at the present value of lease payments that have not yet been made at the lease commencement date and are subsequently measured at amortized cost with interest expense recognized as finance expenses in the consolidated profit and loss statement. Lease liabilities are presented in the Statement of Financial Position as part of non-current and current borrowings.

The Group recognizes lease payments on short-term leases as an expense on a straight-line basis over the lease period.

For an individual lease agreement, the Group may decide to qualify the agreement as a lease in which the underlying asset has a low value and recognize lease payments under such an agreement as an expense on a straight-line basis over the lease period.

For lease agreements of land plots under power grid facilities with an indefinite period, or with a contract validity period of no more than 1 year with the possibility of annual prolongation, the Group determines the contract validity period using as a basic criterion the useful life of property, plant and equipment located on leased land plots.

For lease agreements of power grid facilities with an indefinite period, or with a contract validity period of no

more than 1 year with the possibility of annual prolongation, the Group determines the contract validity period using as a basic criterion the useful life of its own property, plant and equipment with similar technical characteristics.

**(f) Advances issued**

Advances issued are classified as fixed assets if the advance is related to the acquisition of an asset that will be classified as fixed at its initial recognition. Advances for the acquisition of an asset are included in its book value when the Group gains control of the asset and there is a high probability that the Group will receive economic benefits from its use.

**(g) Inventories**

Inventories are recorded at the lower of the two amounts: cost or net realizable value. The cost is determined using the weighted average cost method, and it includes the costs of acquiring the inventories, production or processing costs, and other costs incurred in shipping cost to its existing location and bringing it to relevant condition.

Net realizable value is the estimated selling price of inventory object in the ordinary course of the Group's activity, less the estimated costs for the completion of work with respect to this object and its sale.

Reserves intended to provide work on the prevention and elimination of accidents (emergencies) at power grid facilities (industry emergency reserve) are reflected in the section “Inventories”.

**(h) Impairment of non-financial assets**

The book value of the Group's non-financial assets, other than inventories and deferred tax assets, is analyzed at each reporting date to identify signs of their possible impairment. If there is any such indication, the recoverable amount of the relevant asset is estimated.

An impairment loss is recognized if the book value of an asset or its corresponding cash-generating unit exceeds its estimated (recoverable) amount. The recoverable amount of an asset or a cash-generating unit is presented as the greater of its two values: value in use of this asset (this unit) and its fair value less cost to sell.

For the purpose of an impairment testing, assets that cannot be individually verified are grouped into the smallest group within which cash inflows are generated as a result of the continuing use of the relevant assets, and this inflow is largely independent of cash inflows generated by other assets or groups of assets (the “cash-generating unit cash flows”).

The Group's common (corporate) assets do not generate independent cash flows and are used by more than one cash-generating unit. Costs of corporate assets are distributed among units on a reasonable and consistent basis, and its impairment test is carried out as part of the testing of the unit to which this corporate asset was allocated.

Impairment losses are recognized in profit or loss. Impairment losses from cash-generating units are allocated proportionally to a decrease in the book value of assets within the corresponding unit (group of units).

For other assets, an analysis of an impairment loss recognized in one of the previous periods is carried out at each reporting date in order to identify signs that the amount of this loss should be reduced or that it should no longer be recognized.

An impairment loss is reversed when there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that it is possible to restore the value of assets to their book value in which they would have been recorded (less accumulated amortization amounts) if no impairment loss had been recognized.

**(i) Value added tax**

The value added tax arising from the sale of goods is subject to transfer to the state budget upon the occurrence of the earliest date: (a) the moment of receipt of payment from buyers or (b) the moment of delivery of goods or services to the buyer.

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Input VAT is reimbursed by offsetting against the amount of output VAT upon receipt of the invoice.

The amounts of VAT payable to the budget are disclosed separately as part of current liabilities.

When creating a provision for expected credit losses on accounts receivable, the entire amount of doubtful debts, including VAT, is reserved.

**(j) Employee benefits**

**i. Defined contribution programs**

A defined contribution program is considered to be an employee compensation program at the end of an employment relationship with them, under the conditions of which the Group makes fixed contributions into a separate (independent) fund and at the same time it does not incur any additional liabilities (neither legal nor constructive) to pay additional amounts. Liabilities to make contributions to funds through which defined contribution pension programs are implemented including to the State Pension Fund of the Russian Federation, are recognized as employee benefit expenses as part of profit or loss for those periods in which employees provided relevant services under employment contracts. The amounts of contributions paid in advance are recognized as an asset in cases where the enterprise is entitled to reimbursement of the contributions paid by it or to a reduction in the amount of future payments for contributions.

**ii. Defined benefit programs**

A defined benefit program is a compensation program for employees at the end of an employment relationship with them, different from a defined contribution program. The liability recognized in the consolidated statement of financial position for defined benefit pension plans represents the discounted amount of the liability at the reporting date.

The discount rate is the profit rate at the end of the year on government bonds, the maturity of which is approximately equal to the period of the relevant liabilities of the Group and which are denominated in the same currency as the remuneration expected to be paid. These calculations are made annually by a qualified actuary using the method of the predicted conditional unit of accumulation of future payments.

Revaluation of the net defined benefit liability including actuarial gains and losses and the effect of applying the asset limit (excluding interest, if any) are recognized immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the net defined benefit liability at that date considering any changes in the net defined benefit liability for the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit programs are recognized in profit or loss. Actuarial gains or losses resulting from changes in actuarial assumptions are recognized in other comprehensive income/expense.

In the event of a change in payments under the program or its sequestration, the resulting change in payments related to services of previous periods, or the gain or loss from sequestration is recognized immediately in profit or loss. The Group recognizes gains and losses from the settlement of program liabilities when this settlement occurs.

**iii. Other long-term employee benefits**

The net amount of the Group's liability in respect of long-term employee benefits other than defined benefit payments is the amount of future benefits to which employees have earned the right in the current and previous periods. These future benefits are discounted in order to determine their present value. The discount rate is the market yield at the end of the year on government bonds, the maturity of which is approximately equal to the period of the relevant liabilities of the Group and which are denominated in the same currency as the remuneration expected to be paid. The liability valuation is made using the method of the predicted conditional unit. Revaluations are recognized in gain or loss for the period when they occur.

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**iv. Short-term benefits**

The discounting is not applicable in determining the value of liabilities related to short-term employee benefits and the relevant expenses will be recognized, if the employees carry out their employment duties.

In respect of amounts expected to be paid under a short-term bonus or profit sharing plan, a liability is recognized if the Group has an existing legal or practice-based liability to pay this amount that arose as a result of the employee's employment in the past, and the amount of this liability can be reliably estimated and there is a high probability of outflow economic benefits.

**(k) Estimated liabilities**

The estimated liabilities are recognized if, as a result of some event in the past, the Group has a legal or constructive liability, the amount of which can be reliably estimated, and there is a high probability that an outflow of economic benefits will be required to settle this liability. The amount of the estimated liability is determined by discounting the expected cash flows at a pre-tax rate that reflects current market valuations of the impact of changes in the value of money over time and the risks inherent in this liability. The amounts reflecting “amortization of discount” are recognized as finance expenses.

**(l) Charter capital**

Ordinary shares and preferred shares that are not subject to mandatory redemption by the decision of the owners are classified as equity.

**(m) Dividends**

Dividends are recognized as a liability and excluded from equity at the reporting date only if they are declared (approved by shareholders) at the reporting date or earlier. Dividends are subject to disclosure if they are declared after the reporting date but before the signing of the Consolidated Financial Statements.

**(n) Revenue from Contracts with Customers**

The Group recognizes the revenue when (or as far as) the entity fulfills the liability by means of transfer a promised good or service (i.e. an asset) to a buyer. The asset is transferred when (or as far as) the buyer gains control of such an asset.

When (or as far as) the entity fulfills the liability, the Group recognizes revenues in the amount that the Group expects to receive in exchange for the transfer of promised assets to the buyer, excluding VAT.

*Services for electric power transmission*

Revenue from electricity transmission services is recognized during the period (billing month) and is estimated by the results method (cost of transferred volumes of electricity and capacity).

Tariffs for electric power transmission services are approved by the executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs.

*Services for technological connection to electric networks*

Revenue from services for technological connection to electric networks is a non-refundable fee for connecting consumers to the electric networks. The Group cedes control over the service at a certain point in time (upon the consumer's connection to the power grid), and, therefore, fulfills the liability to perform at a certain point in time.

The payment for technological connection according to an individual project, standard tariff rates, the rates per unit of maximum capacity and the formulas for payment for technological connection are approved by the Regional Energy Commission (Tariffs and Prices Department of the relevant region) and do not depend on the revenue from electricity transmission services. The payment for technological connection to the unified national (all-Russian) power network is approved by the Federal Antimonopoly Service.

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The Group has applied the judgment that the technological connection is a separate liability to perform which is recognized when the relevant services are provided.

The technological connection agreement does not contain any further liabilities after rendering the connection service. According to the established practice and laws regulating the electricity market, technological connection and transmission of electricity are the subject of separate negotiations with different consumers as different services with different commercial purposes without connection in pricing, intentions, recognition or types of services.

*Other revenue*

The revenue from other technical and maintenance services (technical, repair and maintenance services, consulting and organizational and technical services, communication and information technology services, other services) as well as revenue from other sales is recognized at the time the buyer gains control of the asset.

*Trade accounts receivable*

Trade accounts receivable represent the Group's right to compensation which is unconditional (i.e. the occurrence of the moment when such compensation becomes payable is due only to the passage of time). The accounting policy for the reflection of trade and other receivables is given in the section “Financial Assets”.

*Liabilities under the contract*

A liability under the contract is a liability to transfer to the buyer goods or services for which the Group has received consideration (or an amount of consideration is due) from the buyer. If the buyer pays the consideration before the Group transfers the goods or services to the buyer, the liability under the contract is recognized at the time of payment or the payment is due (whichever occurs earlier). Contractual liabilities are recognized as revenue when the Group fulfills its contractual liabilities. The Group reflects liabilities under contracts with the buyers within the line code “Advances Received”, including value added tax (VAT).

The advances received mainly represent deferred income under technological connection agreements.

Advances received from buyers and customers are analyzed by the Group for the presence of a financial component. If there is a time interval of more than one year between the receipt of advances and the transfer of promised goods and services for reasons other than the provision of financing to the counterparty (under contracts for technological connection to the electric networks), interest expense is not recognized for the advances received. Such advances are recorded at the fair value of assets received by the Group from the buyers and customers in advance payment.

**(o) Government subsidies**

Government subsidies are recognized if there is reasonable assurance that they will be received and all the conditions associated with them will be fulfilled. When the subsidy is issued for the purpose of financing certain expenses, it is recognized as income on a systematic basis in the same periods in which the corresponding costs that it should compensate are written off as expenses. When the subsidy is issued for the purpose of financing an asset, it is recognized as income, net of the related expenses, in equal shares over the expected useful life of the asset in question.

Government subsidies that compensate the Group for electricity tariffs (loss of income) are recognized in the consolidated statement of profit and loss and other comprehensive income (as part of other income) in the same periods in which the associated revenue was recognized.

**(p) Social payments**

When the Group's contributions to social programs are intended for the benefit of society as a whole, and are not limited to payments in favor of the Group's employees, they are recognized in profit or loss as they are implemented. The Group's expenses related to the financing of social programs, without incurring liabilities regarding such financing in the future, are reflected in the consolidated statement of profit or loss and other comprehensive income as they arise.

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**(q) Financial Income and Expenses**

Financial income includes interest income on invested funds, dividend income, gains on the disposal of financial assets measured at fair value and measured at amortized cost, the effect of discounting financial instruments. Interest income is recognized in profit or loss at the time of occurrence, and its amount is calculated using the effective interest rate method. Dividend income is recognized in profit or loss at the moment when the Group has the right to receive the corresponding payment.

Finance costs include interest expenses on borrowings, financial leasing, losses from the disposal of financial assets measured at fair value and measured at amortized cost, the effect of discounting financial instruments. Borrowing costs that are not directly related to the acquisition, construction or production of a qualifying asset are recognized in profit or loss for the period using the effective interest method.

**(r) Income tax**

Income tax expense includes current income tax and deferred tax. Current and deferred income tax is recognized in profit or loss for the period, except for the part that relates to business combinations, transactions recognized in other comprehensive income or directly in equity.

Current income tax is the amount of tax payable in respect of taxable income for the year, calculated on the basis of current or substantially enacted tax rates as of the reporting date as well as all adjustments to the amount of the liability to pay income tax for previous years.

Deferred tax is recorded in respect of temporary differences arising between the book value of assets and liabilities determined for the purposes of their reflection in the financial statements and their tax base. Deferred tax is not recognized in respect of:

- temporary differences arising from the initial recognition of assets and liabilities as a result of a transaction that is not a business combination transaction and does not affect either accounting or taxable profit or tax loss;
- temporary differences related to investments in subsidiaries and associates, to the extent that the Group is able to control the timing of the recovery of these temporary differences and it is probable that these temporary differences will not be restored in the foreseeable future.

The deferred tax estimate reflects the tax consequences that would follow from the manner in which the Group intends to recover or settle the book value of its assets or settle liabilities at the end of this reporting period.

The amount of deferred tax is determined based on the tax rates that will be applied in the future, at the time of the recovery of temporary differences, based on current or substantially enacted legislation as of the reporting date.

When determining the amount of current and deferred taxes, the Group considers the impact of uncertainty regarding the tax position as well as when assessing whether additional taxes, fines and penalties may be accrued. The Group calculates tax based on an assessment of many factors including interpretations of tax legislation and previous experience. Such an assessment is based on estimates and assumptions and may include a number of judgments about future events. If new information becomes available, the Group may reconsider its judgment regarding the amounts of tax liabilities for previous periods; such changes in tax liabilities will affect the income tax expense of the period in which the relevant judgment is made.

Deferred tax assets and liabilities are offset if there is a legal right to offset against each other the amounts of assets and liabilities for current income tax, and they relate to income tax levied by the same tax authority from the same taxable entity, or from different taxable entities but they intend to settle current tax liabilities and assets on a net basis, or the sale of their tax assets will be carried out simultaneously with the repayment of their tax liabilities.

A deferred tax asset is recognized in respect of unused tax losses, tax credits and deductible temporary differences only to the extent that there is a high probability of taxable profit against which the corresponding deductible temporary differences can be realized. The amount of deferred tax assets is analyzed as of each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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#### (s) Earnings per share

The Group presents indicators of basic and diluted earnings per share in relation to ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to the owners of the Company's ordinary shares by the weighted average number of ordinary shares outstanding during the reporting period.

#### 4 Fair value measurement

Specific accounting policies of the Group and a number of disclosures require an assessment of the fair value of both financial and non-financial assets and liabilities.

In assessing the fair value of an asset or liability, the Group applies, to the extent possible, observable market data. Fair value estimates relate to different levels of the fair value hierarchy, depending on the source data used in the relevant valuation methods:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: inputs other than quoted prices used for Level 1 estimates that are observable either directly (i.e. such as prices) or indirectly (i.e. determined based on prices).
- Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, then the fair value measurement as a whole refers to the level of the hierarchy that corresponds to the lowest level inputs that are significant for the entire measurement.

The Group discloses transfers between levels of the fair value hierarchy in the reporting period during which this change took place.

The moment of time at which transfers to certain levels are recognized and for transfers from certain levels, the Group considers the date of occurrence of the event or change in circumstances that caused the transfer.

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#### 5 Principal Subsidiaries

The Group's Consolidated Financial Statements as of December 31, 2022 and December 31, 2021 include the Company and its subsidiaries, owned (founded) by PJSC “Rosseti Kuban”:

	Country of registration	Ownership share / voting shares, %	
		December 31, 2022	December 31, 2021
JSC Energetik Holiday Facility	Russian Federation	100	100
JSC Kuban Energoservis	Russian Federation	100	100

#### 6 Segment Information

The Executive Board of PJSC “Rosseti Kuban” is the supreme decision-making body for operating activities.

The core activities of the Group are providing services for the transmission and distribution of electricity, technological connection to electric networks in the regions of the Russian Federation: Krasnodar Region and the Republic of Adygea.

To reflect the performance of each reporting segment, EBITDA is used: profit or loss before interest expense, taxation, amortization, and net accrual/(recovery) of an impairment loss on property, plant and equipment and right-of-use assets (considering current accounting and reporting standards in the Russian Federation). The management believes that the EBITDA calculated in this way is the most indicative for evaluating the performance of the Group's operating segments.

For the purposes of presenting a reconciliation of EBITDA with consolidated profit for the previous period, in comparative information, the net accrual of impairment losses on property, plant and equipment and right-of-use assets has been transferred from the adjustments section to the second section.

In accordance with the requirements of IFRS 8 “Operating Segments” based on data on segment revenue, EBITDA and total assets submitted to the Executive Board, the Group has allocated one reporting segment which is a strategic business unit of the Group. The strategic business unit provides electricity transmission services including technological connection services in the geographical regions of the Russian Federation (Krasnodar Region and the Republic of Adygea) and they are managed as a whole. The “Other” segment combines several operating segments, the core activities of which are providing repair services, lease services and recreation.

Segment indicators are based on business information prepared on the basis of the RAS reporting data and may differ from those presented in the financial statements prepared in accordance with the IFRS. Reconciliation of the indicators in the assessment presented to the Executive Board and similar indicators in these Consolidated Financial Statements includes those reclassifications and adjustments that are necessary for reporting in accordance with the IFRS.

The key segment indicators are presented and analyzed by the Executive Board of the Group and are disclosed in the tables below.



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**(a) Information on reportable segments**

As of and for the year ended on December 31, 2022:

	Rosseti Kuban	Other	Total
Revenue from external buyers	63,732,569	487,978	64,220,547
Revenue from sales between segments	6,288	1,639,309	1,645,597
<b>Segment revenue</b>	<b>63,738,857</b>	<b>2,127,287</b>	<b>65,866,144</b>
Including			
<i>Electric power transmission</i>	61,452,874	–	61,452,874
<i>Technological connection to networks</i>	1,282,050	–	1,282,050
<i>Other revenue</i>	1,003,933	2,127,287	3,131,220
Financial income	109,410	2,665	112,075
Financial expenses	(2,662,572)	(13,199)	(2,675,771)
Amortization	(6,309,573)	(32,145)	(6,341,718)
<b>Segment profit/(loss) before tax</b>	<b>7,180,429</b>	<b>14,863</b>	<b>7,195,292</b>
<b>EBITDA</b>	<b>16,152,574</b>	<b>60,207</b>	<b>16,212,781</b>

As of and for the year ended on December 31, 2021:

	Rosseti Kuban	Other	Total
Revenue from external buyers	57,650,795	363,827	58,014,622
Revenue from sales between segments	18,949	1,463,224	1,482,173
<b>Segment revenue</b>	<b>57,669,744</b>	<b>1,827,051</b>	<b>59,496,795</b>
Including			
<i>Electric power transmission</i>	54,526,276	–	54,526,276
<i>Technological connection to networks</i>	2,347,653	–	2,347,653
<i>Other revenue</i>	795,815	1,827,051	2,622,866
Financial income	28,305	1,913	30,218
Financial expenses	(1,552,608)	(448)	(1,553,056)
Amortization	(4,642,021)	(26,180)	(4,668,201)
<b>Segment profit before tax</b>	<b>2,698,754</b>	<b>13,287</b>	<b>2,712,041</b>
<b>EBITDA</b>	<b>8,893,383</b>	<b>39,915</b>	<b>8,933,298</b>

As of and for the year ended on December 31, 2022:

	Rosseti Kuban	Other	Total
<b>Segment assets</b>	<b>95,867,294</b>	<b>1,174,198</b>	<b>97,041,492</b>
Including property, plant and equipment and construction in progress	78,118,655	78,210	78,196,865
Capital investments	12,772,201	6,436	12,778,637
<b>Liabilities of segments</b>	<b>50,613,695</b>	<b>1,058,630</b>	<b>51,672,325</b>

As of and for the year ended on December 31, 2021:

	Rosseti Kuban	Other	Total
<b>Segment assets</b>	<b>79,554,071</b>	<b>1,041,440</b>	<b>80,595,511</b>
Including property, plant and equipment and construction in progress	66,287,667	94,550	66,382,217
Capital investments	7,195,173	83,390	7,278,563
<b>Liabilities of segments</b>	<b>39,380,700</b>	<b>935,502</b>	<b>40,316,202</b>

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**(b) Reconciliation of the main segment indicators by EBITDA is presented below:**

Reconciliation of segments revenues:

	For the year ended on December 31	
	2022	2021
<b>Segment revenue</b>	<b>65,866,144</b>	<b>59,496,795</b>
Exclusion of revenue from sales between segments	(1,645,597)	(1,482,173)
Adjustment for sales revenue (external)	22,653	–
<b>Revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>64,243,200</b>	<b>58,014,622</b>

Reconciliation of EBITDA of reporting segments:

	For the year ended on December 31	
	2022	2021
<b>EBITDA of reportable segments according to the RAS</b>	<b>16,212,781</b>	<b>8,933,298</b>
Adjustment of intangible assets value	77,900	129,449
Discounting of accounts payable	–	375
Adjustment for accounts payable	257,836	144,226
Discounting of accounts receivable	2,179	3,296
Adjustment for disputed accounts receivable	(472,706)	2,135
Adjustment to the allowance for expected credit losses	508,567	(10,005)
Lease adjustment	91,893	1,542,144
Adjustment of estimated liabilities	–	8,338
Recognition of pension and other non-current liabilities to employees	14,038	20,486
Adjustment of accrued provisions for unused vacation days and bonuses	(20,969)	10,015
Adjustment of property, plant and equipment value	(31,610)	38,176
Tax adjustment	(171,610)	59,335
Adjustment for intra-group transactions	(11,182)	(80,533)
Subsidy adjustment	–	(3,942)
Other adjustments	(234,539)	(141,888)
<b>EBITDA of reportable segments according to the IFRS</b>	<b>16,222,578</b>	<b>10,654,905</b>
Amortization of property, plant and equipment, right-of-use assets and intangible assets	(6,198,911)	(5,736,451)
Interest expense on financial liabilities	(2,122,299)	(1,532,351)
Interest expenses for lease liabilities	(351,018)	(425,382)
Income tax expense	(1,851,980)	(1,096,276)
<b>Consolidated profit/(loss) for the period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>5,698,370</b>	<b>1,864,445</b>

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Reconciliation of the total amount of assets of the reportable segments:

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Total amount of assets of segments</b>	<b>97,041,492</b>	<b>80,595,511</b>
Recognition of lease agreements under IFRS 16 standard	429,555	4,512,530
Recognition of assets related to employee benefit liabilities	302,550	308,658
Adjustment of deferred tax assets	(2,199,610)	(1,359,448)
Adjustment for financial investments	–	5,848
Adjustment of the allowance for expected credit losses	9,326	(26,535)
Decrease in accounts receivable on VAT advances from advances issued	(1,369,300)	(700,138)
Calculations between segments	(803,438)	(703,351)
Discounting of accounts receivable	(3,053)	(4,260)
Reclassification of accounts receivable on lease to lease liabilities	(13,048)	(11,672)
Write-off of accounts receivable	(25,619)	(25,619)
Intra-group financial assets	(45,687)	(45,687)
Adjustment of intangible assets value	(80,442)	(74,375)
Decrease in VAT recoverable amount for VAT amount from advances received	(85,912)	(159,099)
Adjustment of property, plant and equipment value	(5,661,697)	(5,197,902)
Excluding current RE from capital expenditures	(169,780)	(164,683)
Write-off of current assets	(13,976)	(29,685)
Other adjustments	(27290)	3,532
<b>Total assets in the Consolidated Statement of Financial Position</b>	<b>87,284,071</b>	<b>76,923,625</b>

Reconciliation of the total amount of liabilities of reportable segments:

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Total amount of liabilities of segments</b>	<b>51,672,325</b>	<b>40,316,202</b>
Recognition of lease liabilities	779,824	4,943,208
Reclassification of accounts payable to lease IFRS 16	(130,389)	(127,921)
Recognition of pension and other non-current liabilities to employees	621,344	545,309
Adjustment of accrued provisions for unused vacation days and bonuses	199,135	178,166
Discounting of accounts payable	(2)	(25)
Decrease in other accounts payable for VAT amount from advances received	(1,369,300)	(700,138)
Calculations between segments	(826,082)	(703,351)
Write-off of deferred income	(549,634)	(291,798)
Adjustment of deferred tax liabilities	(3,357,412)	(2,480,238)
Decrease in accounts payable for advances received for VAT amount from advances received	(85,912)	(159,099)
Other adjustments	–	(43,276)
<b>Total amount of liabilities in the Consolidated Statement of Financial Position</b>	<b>46,953,897</b>	<b>41,477,039</b>

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**(c) The significant buyer**

The Group performs its activities at the territory of the Russian Federation. The Group does not receive proceeds from foreign consumers and has no assets abroad.

For the year ended on December 31, 2022 and December 31, 2021, the Group had 2 main counterparties, each of which accounted for more than 10 % of the Group's consolidated revenue.

The total amount of revenue received from Counterparty 1 for 2022 amounted to 28,840,928 thousand rubles, or 44.89 % of the Group's consolidated revenue (in 2021 – 25,832,038 thousand rubles, or 44.53 %).

The total amount of revenue received from Counterparty 2 for 2022 amounted to 19,531,366 thousand rubles, or 30.40 % of the Group's consolidated revenue (in 2021 – 18,067,286 thousand rubles, or 31.14 %).

**7 Revenue**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
Electric power transmission	61,451,381	54,525,149
Technological connection to electric networks	1,282,050	2,347,653
Other revenue	1,362,736	982,121
<b>Total revenue from contracts with customers</b>	<b>64,096,167</b>	<b>57,854,923</b>
Revenue from lease agreements	147,033	159,699
	<b>64,243,200</b>	<b>58,014,622</b>

Other revenue mainly includes revenue from the sale of additional (non-tariff) services provided by the Group and not related to the main activities: services for the placement of equipment at power grid facilities, services for technical and repair maintenance, diagnostics and testing, construction and installation works, consulting and organizational and technical services and other non-tariff services.

**8 Other income**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
Income from discovered electric power consumption without agreements	38,905	68,476
Income from the termination of the lease agreement	11,004	–
Income in the form of penalties, fines and forfeits in economic contracts	490,474	328,707
Income from compensation for losses due to disposal/liquidation of electric grid property	295,225	222,778
Income from donated property, plant and equipment and inventories	289,511	191,443
Insurance payout	566,626	160,753
Write-off of accounts payable	57,629	34,298
Profit from the sale of property, plant and equipment	43,207	801
	<b>1,792,581</b>	<b>1,007,256</b>

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**9 Other expenses**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss on disposal (sale) of property, plant and equipment	115,294	184,847
Other expenses	–	21,396
	<b>115,294</b>	<b>206,243</b>

**10 Operating expenses**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses for employee benefits (Note 11)	9,114,859	8,096,322
Amortization of property, plant and equipment, right-of-use assets and intangible assets	6,198,911	5,736,451
<i>Material expenses, including</i>		
Electric energy for compensation of process losses	9,280,483	9,069,565
Purchased electrical energy and heat for own needs	122,314	124,177
Other material expenses	2,543,547	2,330,856
<i>Works and services of production nature, including</i>		
Services for electric power transmission	23,567,601	21,919,041
Repair and maintenance services	804,735	674,899
Other works and services of production nature	266,178	217,799
Taxes and fees except income tax	685,496	631,545
Short-term lease	5,862	22,960
Insurance	139,917	140,918
<i>Other services of third-party organizations, including</i>		
Communication services	90,288	79,944
Security	236,336	231,363
Consulting, legal and audit services	101,790	42,361
Software and maintenance expenses	122,814	116,354
Transport services	16,553	7,505
<i>Other services, including</i>		
Implementation of energy service contracts	959,777	1,123,825
Other third-party services	205,676	174,290
<i>Other expenses, including</i>		
Business expenses	195,086	85,901
Change of estimated liabilities	(101,251)	1,348,209
Expenses related to the maintenance of property	158,215	163,267
Expenses for services related to the organization, operation and development of the UPS	110,819	104,437
Expenses recognized in the form of penalties, fines and forfeits for breach of contract	41,776	10,507
Profit and loss for prior periods	350,033	394,168
Other operating expenses	177,035	560,846
	<b>55,394,850</b>	<b>53,407,510</b>

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**11 Employee Benefit Expenses**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
Salary	6,629,834	5,869,380
Social security contributions	2,014,537	1,796,649
Expenses/(income) related to defined benefit programs	24,302	26,968
Other	446,186	403,325
	<b>9,114,859</b>	<b>8,096,322</b>

During the year ended December 31, 2022, the amount of deductions for defined benefit programs amounted to 44,448 thousand rubles (for the year ended on December 31, 2021: 58,133 thousand rubles).

The amounts of remuneration to key management personnel are disclosed in Note 35 “Related Party Transactions”.

**12 Financial Income and Expenses**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Financial income</b>		
Interest income on loans issued, bank deposits, bills and bank account balances	106,190	26,467
Interest income on assets associated with liabilities for employee benefits	9,070	12,603
Effect from initial discounting of financial liabilities	–	375
Amortization of discount of financial assets	2,179	3,296
Other financial income	5,885	3,751
	<b>123,324</b>	<b>46,492</b>

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Financial expenses</b>		
Interest expenses on financial liabilities carried at amortized cost	2,079,232	1,500,212
Interest expenses for lease liabilities	351,018	425,382
Interest expenses for long-term employee benefit liabilities	42,072	30,725
Effect of initial discounting of financial assets	972	756
Amortization of discount of financial liabilities	23	658
	<b>2,473,317</b>	<b>1,957,733</b>

**13 Income tax**

	<b>For the year ended on December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Current income tax</b>		
Accrual of current tax	(1,636,355)	(1,157,150)
Tax adjustment for the prior periods	233,682	52,041
<b>Total current income tax</b>	<b>(1,402,673)</b>	<b>(1,105,109)</b>
<b>Deferred income tax</b>		
Accrual and recovery of temporary differences (Note 17)	(449,307)	8,833
<b>Total income tax expense</b>	<b>(1,851,980)</b>	<b>(1,096,276)</b>

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Income tax recognized in other comprehensive income:

	For the year ended on December 31, 2022			For the year ended on December 31, 2021		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Revaluation of liabilities for the programs with fixed payments	(54,109)	10,822	(43,287)	16,072	(3,214)	12,858
	<b>(54,109)</b>	<b>10,822</b>	<b>(43,287)</b>	<b>16,072</b>	<b>(3,214)</b>	<b>12,858</b>

As of December 31, 2022 and December 31, 2021, deferred income tax assets and liabilities are calculated at a rate of 20 percent, which is expected to be applicable when the respective assets and liabilities are realized.

Profit (expense) before tax is related to income tax expenses as follows:

	For the year ended on December 31, 2022		For the year ended on December 31, 2021	
		%		%
<b>Profit/(loss) before tax</b>	<b>7,550,350</b>	<b>100</b>	<b>2,960,721</b>	<b>100</b>
<b>Theoretical amount of income tax expense at the rate of 20 %</b>	<b>(1,510,070)</b>	<b>(20)</b>	<b>(592,144)</b>	<b>(20)</b>
Tax effects from sections, untaxed and non-deductible for tax purposes	(575,592)	(8)	(556,173)	(19)
Adjustments for previous years	233,682	3	52,041	2
	<b>(1,851,980)</b>	<b>(25)</b>	<b>(1,096,276)</b>	<b>(37)</b>

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#### 14 Property, plant and equipment

	Real estate and buildings	Transmission networks	Electric power transmission equipment	Other	Construction in progress	Total
<b>Initial/deemed cost</b>						
<b>As of January 1, 2022</b>	<b>10,422,357</b>	<b>50,198,747</b>	<b>24,013,105</b>	<b>11,061,007</b>	<b>5,862,802</b>	<b>101,558,018</b>
Reclassification between groups	1,224,936	(242,453)	439,581	(1,422,064)	—	—
Receipts	19,876	261,851	236,478	52,631	13,126,839	13,697,675
Commissioning	535,222	3,310,946	3,047,514	1,600,983	(8,494,665)	—
Disposal	(10,070)	(37,530)	(95,592)	(1,767,449)	(50,032)	(1,960,673)
<b>As of December 31, 2022</b>	<b>12,192,321</b>	<b>53,491,561</b>	<b>27,641,086</b>	<b>9,525,108</b>	<b>10,444,944</b>	<b>113,295,020</b>
<b>Accumulated amortization and impairment</b>						
<b>As of January 1, 2022</b>	<b>(3,918,435)</b>	<b>(18,258,314)</b>	<b>(11,347,648)</b>	<b>(7,216,656)</b>	<b>(39,194)</b>	<b>(40,780,247)</b>
Reclassification between groups	(744,205)	148,157	(405,442)	1,001,490	—	—
Accrued amortization	(408,482)	(2,166,854)	(1,398,237)	(723,228)	—	(4,696,801)
Reclassification of impairment losses when property, plant and equipment commissioning	(1,987)	(35)	(4,636)	—	6,658	—
Disposal	7,712	21,931	79,854	1,430,771	319	1,540,587
<b>As of December 31, 2022</b>	<b>(5,065,397)</b>	<b>(20,255,115)</b>	<b>(13,076,109)</b>	<b>(5,507,623)</b>	<b>(32,217)</b>	<b>(43,936,461)</b>
<b>Residual value</b>						
<b>As of January 1, 2022</b>	<b>6,503,922</b>	<b>31,940,433</b>	<b>12,665,457</b>	<b>3,844,351</b>	<b>5,823,608</b>	<b>60,777,771</b>
<b>As of December 31, 2022</b>	<b>7,126,924</b>	<b>33,236,446</b>	<b>14,564,977</b>	<b>4,017,485</b>	<b>10,412,727</b>	<b>69,358,559</b>
<b>Initial/deemed cost</b>						
<b>As of January 1, 2021</b>	<b>10,310,767</b>	<b>47,916,296</b>	<b>22,774,160</b>	<b>9,488,067</b>	<b>4,203,866</b>	<b>94,693,156</b>
Reclassification between groups	(14,232)	10,393	2,907	932	—	—
Receipts	3,179	123,620	281,413	252,648	6,531,435	7,192,295
Commissioning	129,505	2,231,460	960,838	1,327,151	(4,648,954)	—
Disposal	(6,449)	(83,022)	(6,213)	(7,790)	(223,545)	(327,019)
Transfer to fixed assets held for sale	(413)	—	—	(1)	—	(414)
<b>As of December 31, 2021</b>	<b>10,422,357</b>	<b>50,198,747</b>	<b>24,013,105</b>	<b>11,061,007</b>	<b>5,862,802</b>	<b>101,558,018</b>
<b>Accumulated amortization and impairment</b>						
<b>As of January 1, 2021</b>	<b>(3,554,562)</b>	<b>(16,186,964)</b>	<b>(10,132,972)</b>	<b>(6,586,411)</b>	<b>(68,245)</b>	<b>(36,529,154)</b>
Reclassification of amortization and impairment losses	11,456	(9,738)	(280)	(1,438)	—	—
Accrual/recovery of impairment loss	—	—	—	—	(252)	(252)
Accrued amortization	(379,854)	(2,107,819)	(1,202,919)	(635,221)	—	(4,325,813)
Reclassification of impairment losses when property, plant and equipment commissioning	(339)	(57)	(16,067)	(1,235)	17,698	—
Disposal	4,558	46,264	4,590	7,649	11,605	74,666
Transfer to non-current assets held for sale	306	—	—	—	—	306
<b>As of December 31, 2021</b>	<b>(3,918,435)</b>	<b>(18,258,314)</b>	<b>(11,347,648)</b>	<b>(7,216,656)</b>	<b>(39,194)</b>	<b>(40,780,247)</b>
<b>Residual value</b>						
<b>As of January 1, 2021</b>	<b>6,756,205</b>	<b>31,729,332</b>	<b>12,641,188</b>	<b>2,901,656</b>	<b>4,135,621</b>	<b>58,164,002</b>
<b>As of December 31, 2021</b>	<b>6,503,922</b>	<b>31,940,433</b>	<b>12,665,457</b>	<b>3,844,351</b>	<b>5,823,608</b>	<b>60,777,771</b>

As of December 31, 2022, initial cost of fully amortized property, plant and equipment amounted to 9,269,926 thousand rubles (as of December 31, 2021: 7,243,821 thousand rubles).

As of December 31, 2022, construction in progress includes advances for the acquisition of property, plant and equipment in the amount of 436,340 thousand rubles (as of December 31, 2021: 493,715 thousand rubles) as well as materials for the construction of property, plant and equipment in the amount of 2,711,827 thousand rubles, (as of December 31, 2021: 1,430,590 thousand rubles).



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For the year ended on December 31, 2022, capitalized interests amounted to 316,051 thousand rubles (for the year ended on December 31, 2021: 80,858 thousand rubles), the capitalization rate was 11.51 % (for the year ended on December 31, 2021 – 7.24 %).

For the year ended on December 31, 2022, amortization was capitalized into the value of the facilities of investment building amounting to 1,874 thousand rubles (for the year ended on December 31, 2021, in the amount of 1,547 thousand rubles).

As of December 31, 2022 and December 31, 2021, there were no property, plant and equipment that are pledged as security for a loan.

#### Impairment of property, plant and equipment

Changing market and economic conditions, including the scope of investment projects being implemented by the Group, are the indicators (signs) of possible impairment of property, plant and equipment. The Group conducted an impairment test as of December 31, 2022.

Most of the Group's property, plant and equipment are specialized objects that rarely become objects of purchase and sale on the open market except when they are sold as part of existing businesses. The market for such property, plant and equipment is not active in the Russian Federation and does not provide enough examples of purchase and sale for a market approach to determine the fair value of these property, plant and equipment to be used. As a result, the recoverable cost of specialized use facilities was determined as the value of their use using the cash flow projection method. This method considers the future net cash flows that these property, plant and equipment will generate in the course of operating activities as well as on disposal, in order to determine the recoverable value of these assets.

The core activities of the Group for the provision of services for the transmission and distribution of electricity, technological connection to electric networks is carried out in the regions of the Russian Federation: Krasnodar Region and the Republic of Adygea. When determining the CGU, the structure of assets, their territorial location, the mechanisms of electricity transmission, the method of tariff formation, the isolation of the energy system as well as the possibility of separate accounting and planning of financial indicators for a group of assets are considered. The main criterion for determining the CGU is the indivisibility of the tariff and the impossibility of further detailing accounting and planning. The group of assets of PJSC “Rosseti Kuban” as a whole is defined as the CGU (without the allocation of groups of assets of branches).

The following basic assumptions were used to estimate the recoverable value of assets of generating units:

- The forecast cash flows were determined for the period 2023–2027 based on the management's best estimate of electricity transmission volumes, operating and capital costs as well as tariffs unified (boiler) tariffs for electricity transmission services via the networks of the Krasnodar Region, the Republic of Adygea and the Federal Territory “Sirius” for 2023 approved by order of the Department of State Regulation of Tariffs of the Krasnodar Region dated November 25, 2022 No. 40/2022-e.
- The source for the forecast of electricity transmission tariffs for the forecast period are the indicators of business plans which are based on tariff models formed considering the average annual growth of the tariff for electricity transmission services in accordance with the Forecast of Social and Economic Development of the Russian Federation for 2023 and the planning period 2024–2025 published on the website of the Ministry of Economic Development of the Russian Federation on May 18, 2022.

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- The forecast volumes of electricity transmission for the generating unit were determined on the basis of the annual Business Plan for 2023 and forecast indicators for 2024-2027 approved by the Board of Directors of PJSC “Rosseti Kuban” (Minutes of the meeting No. 506/2022 of December 30, 2021).
- For the test purposes, the nominal discount rate was determined based on the weighted average cost of capital after income tax and amounted to 10.20 % as of December 31, 2022.
- The percentage growth rate of net cash flows in the post-forecast period was 4 %.

The recoverable cost of fixed assets tested by the CGU amounted to as follows as of December 31, 2022: CGU of “Rosseti Kuban” 72,931,458 thousand rubles.

Based on the test results, as of December 31, 2022, the value of the use amounted to 146,672,279 thousand rubles, no impairment detected.

The sensitivity analysis of the material assumptions on the basis of which the impairment models were built as of December 31, 2022 is presented below:

	Increase, %	Decline, %
Change of discount rate by 1%	18.23 %	(13.16 %)
The change in the RGR to the base value in each period by reducing the useful production by 0.5 %	13.50 %	(13.50 %)
Change in the growth rate of net cash flow in the post-forecast period by 1 %	11.53 %	(8.32 %)
Change in the level of operating expenses by 1 %	3.55 %	(3.55 %)
Change in the level of investments (capital investments) by 10 %	0.94 %	(0.94 %)

#### 15 Intangible assets

	Software	Certificates, licenses and patents	R&D	Other	Total
<b>Initial cost</b>					
As of January 1, 2022	850,194	10,746	21,275	78,195	960,410
Receipts	69,429	2,029	3,325	–	74,783
Disposal	–	–	(4,070)	–	(4,070)
As of December 31, 2022	919,623	12,775	20,530	78,195	1,031,123
<b>Accumulated amortization and impairment</b>					
As of January 1, 2022	(630,025)	(10,195)	–	(60,020)	(700,240)
Accrued amortization	(111,990)	(1,965)	–	(14,290)	(128,245)
Disposal	–	–	–	–	–
As of December 31, 2022	(742,015)	(12,160)	–	(74,310)	(828,485)
<b>Residual value</b>					
As of January 1, 2022	220,169	551	21,275	18,175	260,170
As of December 31, 2022	177,608	615	20,530	3,885	202,638

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	Software	Certificates, licenses and patents	R&D	Other	Total
<i>Initial cost</i>					
As of January 1, 2021	752,536	9,079	14,500	78,195	854,310
Receipts	97,658	1,667	13,775	–	113,100
Disposal	–	–	(7,000)	–	(7,000)
As of December 31, 2021	<u>850,194</u>	<u>10,746</u>	<u>21,275</u>	<u>78,195</u>	<u>960,410</u>
<i>Accumulated amortization and impairment</i>					
As of January 1, 2021	(501,931)	(8,453)	–	(39,308)	(549,692)
Accrued amortization	(128,094)	(1,742)	–	(20,712)	(150,548)
Disposal	–	–	–	–	–
As of December 31, 2021	<u>(630,025)</u>	<u>(10,195)</u>	<u>–</u>	<u>(60,020)</u>	<u>(700,240)</u>
<i>Residual value</i>					
As of January 1, 2021	<u>250,605</u>	<u>626</u>	<u>14,500</u>	<u>38,887</u>	<u>304,618</u>
As of December 31, 2021	<u>220,169</u>	<u>551</u>	<u>21,275</u>	<u>18,175</u>	<u>260,170</u>

The amount of amortization of intangible assets included in operating expenses in the consolidated statement of profit or loss and other comprehensive income amounted to 126,499 thousand rubles for the year ended on December 31, 2022. (for the year ended on December 31, 2021: 149,032 thousand rubles).

The amount of capitalized amortization of intangible assets amounted to 1,746 thousand rubles for the year ended on December 31, 2022. (for the year ended on December 31, 2021: 1,516 thousand rubles).

Intangible assets are amortized on a straight-line basis.

The amount of research and development costs recognized as part of operating expenses for 2022 amounted to 2,930 thousand rubles. (for 2021: 5,010 thousand rubles).

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### 16 Right-of-use assets

	Land and buildings	Transmission networks	Electric power transmission equipment	Other	Total
<i>Initial cost</i>					
As of January 1, 2022	2,606,702	2,931,821	1,081,193	385,857	7,005,573
Reclassification between groups	(9,340)	–	11,926	(2,586)	–
Receipts	136,341	39,865	85,317	1,161	262,684
Modification of conditions under lease agreements	(30,449)	1,157	9,251	32,149	12,108
Disposal or termination of lease agreements	(27,641)	(14,499)	(6,292)	(933)	(49,365)
As of December 31, 2022	<u>2,675,613</u>	<u>2,958,344</u>	<u>1,181,395</u>	<u>415,648</u>	<u>7,231,000</u>
<i>Accumulated amortization and impairment</i>					
As of January 1, 2022	(790,459)	(1,122,615)	(429,434)	(150,535)	(2,493,043)
Reclassification between groups	2,550	–	(3,972)	1,422	–
Accrued amortization	(463,781)	(603,632)	(221,969)	(86,357)	(1,375,739)
Modification of conditions under lease agreements	10,717	358	66	(7,862)	3,279
Disposal or termination of lease agreements	12,857	12,893	5,497	655	31,902
As of December 31, 2022	<u>(1,228,116)</u>	<u>(1,712,996)</u>	<u>(649,812)</u>	<u>(242,677)</u>	<u>(3,833,601)</u>
<i>Residual value</i>					
As of January 1, 2022	<u>1,816,243</u>	<u>1,809,206</u>	<u>651,759</u>	<u>235,322</u>	<u>4,512,530</u>
As of December 31, 2022	<u>1,447,497</u>	<u>1,245,348</u>	<u>531,583</u>	<u>172,971</u>	<u>3,397,399</u>
<i>Initial cost</i>					
As of January 1, 2021	2,463,669	2,782,544	1,446,353	386,427	7,078,993
Receipts	199,335	144,719	5,507	2,224	351,785
Modification of conditions under lease agreements	(42,472)	5,133	2,812	6	(34,521)
Disposal or termination of lease agreements	(13,830)	(575)	(373,479)	(2,800)	(390,684)
As of December 31, 2021	<u>2,606,702</u>	<u>2,931,821</u>	<u>1,081,193</u>	<u>385,857</u>	<u>7,005,573</u>
<i>Accumulated amortization and impairment</i>					
As of January 1, 2021	(406,643)	(558,974)	(394,826)	(76,293)	(1,436,736)
Accrued amortization	(400,376)	(563,889)	(221,685)	(75,687)	(1,261,637)
Modification of conditions under lease agreements	14,421	–	–	–	14,421
Disposal or termination of lease agreements	2,139	248	187,077	1,445	190,909
As of December 31, 2021	<u>(790,459)</u>	<u>(1,122,615)</u>	<u>(429,434)</u>	<u>(150,535)</u>	<u>(2,493,043)</u>
<i>Residual value</i>					
As of January 1, 2021	<u>2,057,026</u>	<u>2,223,570</u>	<u>1,051,527</u>	<u>310,134</u>	<u>5,642,257</u>
As of December 31, 2021	<u>1,816,243</u>	<u>1,809,206</u>	<u>651,759</u>	<u>235,322</u>	<u>4,512,530</u>

The amount of amortization of right-of-use assets included in operating expenses in the consolidated statement of profit or loss and other comprehensive income amounted to 1,375,611 thousand rubles for the year ended on December 31, 2022. (for the year ended on December 31, 2021: 1,261,606 thousand rubles).

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The amount of capitalized amortization of right-of-use assets amounted to 128 thousand rubles for the year ended on December 31, 2022. (for the year ended on December 31, 2021: 31 thousand rubles).

For the purposes of the impairment test, specialized right-of-use assets (including leased land plots for own and leased specialized facilities) are classified as the CGU assets in the same way as own fixed assets.

The value of the use of the right-of-use assets is determined using the discounted cash flow method. Information on the impairment test conducted as of December 31, 2022 is disclosed in Note 14 “Property, Plant and Equipment”.

### 17 Deferred Tax Assets and Liabilities

The differences between the IFRS and Russian tax legislation lead to temporary differences between the book value of certain assets and liabilities for financial reporting purposes, on the one hand, and for income tax purposes, on the other.

#### (a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following sections:

	Assets		Liabilities		Net	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Property, plant and equipment	66,372	42,048	(1,561,172)	(1,122,150)	(1,494,800)	(1,080,102)
Intangible assets	9,295	2,775	–	–	9,295	2,775
Right-of-use assets	–	–	(679,480)	(902,506)	(679,480)	(902,506)
Financial assets measured at fair value through other comprehensive income	–	–	(9,138)	(9,138)	(9,138)	(9,138)
Trade and other accounts receivable	518,527	509,601	(4,531)	–	513,996	509,601
Advances issued and other assets	2,129	2,077	–	–	2,129	2,077
Lease liabilities	155,965	988,642	–	–	155,965	988,642
Estimated liabilities	292,179	417,458	(961)	–	291,218	417,458
Employee benefit liabilities	26,320	9,330	–	–	26,320	9,330
Trade and other account payable	491,560	158,890	–	–	491,560	158,890
Advances received	–	–	–	–	–	–
Tax losses to be carried forward	1,231	1,630	–	–	1,231	1,630
Assets held for sale	–	–	(4,081)	(4,102)	(4,081)	(4,102)
Other	384,413	36,603	(5,968)	(10,013)	378,445	26,590
<b>Tax assets/ (liabilities)</b>	<b>1,947,991</b>	<b>2,169,054</b>	<b>(2,265,331)</b>	<b>(2,047,909)</b>	<b>(317,340)</b>	<b>121,145</b>
Tax offset	(1,871,990)	(2,045,719)	1,871,990	2,045,719	–	–
<b>Net tax assets/(liabilities)</b>	<b>76,001</b>	<b>123,335</b>	<b>(393,341)</b>	<b>(2,190)</b>	<b>(317,340)</b>	<b>121,145</b>

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#### (b) Change in deferred tax assets and liabilities during the year

	January 1, 2022	Recognized as part of profit or loss	Recognized as part of other comprehensive income	December 31, 2022
Property, plant and equipment	(1,080,102)	(414,698)	–	(1,494,800)
Intangible assets	2,775	6,520	–	9,295
Right-of-use assets	(902,506)	223,026	–	(679,480)
Financial assets measured at fair value through other comprehensive income	(9,138)	–	–	(9,138)
Trade and other accounts receivable	509,601	4,395	–	513,996
Advances issued and other assets	2,077	52	–	2,129
Lease liabilities	988,642	(832,677)	–	155,965
Estimated liabilities	417,458	(126,240)	–	291,218
Employee benefit liabilities	9,330	6,168	10,822	26,320
Trade and other account payable	158,890	332,670	–	491,560
Advances received	–	–	–	–
Tax losses to be carried forward	1,630	(399)	–	1,231
Assets held for sale	(4,102)	21	–	(4,081)
Other	26,590	351,855	–	378,445
	<b>121,145</b>	<b>(449,307)</b>	<b>10,822</b>	<b>(317,340)</b>
	January 1, 2021	Recognized as part of profit or loss	Recognized as part of other comprehensive income	December 31, 2021
Property, plant and equipment	(696,369)	(383,733)	–	(1,080,102)
Intangible assets	2,346	429	–	2,775
Right-of-use assets	(1,128,451)	225,945	–	(902,506)
Financial assets measured at fair value through other comprehensive income	(9,138)	–	–	(9,138)
Trade and other accounts receivable	408,361	101,240	–	509,601
Advances issued and other assets	2,548	(471)	–	2,077
Lease liabilities	1,219,454	(230,812)	–	988,642
Estimated liabilities	184,396	233,062	–	417,458
Employee benefit liabilities	11,529	1,015	(3,214)	9,330
Trade and other account payable	102,844	56,046	–	158,890
Advances received	232	(232)	–	–
Tax losses to be carried forward	15,172	(13,542)	–	1,630
Assets held for sale	(4,463)	361	–	(4,102)
Other	7,065	19,525	–	26,590
	<b>115,526</b>	<b>8,833</b>	<b>(3,214)</b>	<b>121,145</b>

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**18 Assets Qualified as Held for Sale**

As of December 31, 2022 and 2021, the company's balance sheet had non-core assets listed in the table below:

	For the year ended on December 31	
	2022	2021
<b>As part of current assets</b>		
Assets classified as held for sale – current	20,403	20,510
	<b>20,403</b>	<b>20,510</b>

It is expected that the sale of a non-core asset classified as held for sale will take no more than one year. In January 2023, the issue of shifting the deadline for non-core asset sale to Q4 2023 was brought to the attention of the Group's Board of Directors.

Immediately before classifying the objects as assets for sale, an estimate of the recoverable amount was made. As of December 31, 2022, there was no write-off, as the book value of assets held for sale has not decreased below its fair value less costs to sell.

**19 Inventories**

	December 31, 2022	December 31, 2021
Raw materials and supplies	975,506	1,004,731
Reserve for impairment of raw materials	(51,238)	(1,181)
Other inventories	1,109,671	1,178,002
Reserve for impairment of other inventories	(353)	(353)
	<b>2,033,586</b>	<b>2,181,199</b>

As of 31 December 2022 and 31 December 2021, the Group had no reserves that would be pledged under loan or other agreements.

For the year ended December 31, 2022, 2,543,547 thousand rubles were recognized as expenses (during the year ended December 31, 2021, 2,330,856 thousand rubles) as part of operating expenses under the section “Other Material Expenses”.

As of December 31, 2022, the reserves intended to ensure the prevention and liquidation of emergency situations at power grid facilities (industry emergency reserve) is 582,625 thousand rubles (December 31, 2021 – 545,273 thousand rubles) and is reflected in the section “Inventories”.

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**20 Trade and other accounts receivable**

	December 31, 2022	December 31, 2021
<b>Trade and other receivables, non-current</b>		
Trade accounts receivable	32,748	1,345
Provision for expected credit losses on trade accounts receivable (non-current)	(31,958)	–
Other accounts receivable	66,035	7,682
Provision for expected credit losses on other accounts receivable (non-current)	(33,890)	–
	<b>32,935</b>	<b>9,027</b>
<b>Trade and other receivables, current</b>		
Trade accounts receivable	7,935,420	7,560,859
Provision for Expected Credit Losses on Trade Accounts Receivable	(1,703,166)	(1,686,223)
Other accounts receivable	1,410,852	1,163,952
Provision for expected credit losses on other accounts receivable	(790,006)	(828,933)
	<b>6,853,100</b>	<b>6,209,655</b>
	<b>6,886,035</b>	<b>6,218,682</b>

Information on the Group's exposure to credit risk, impairment of trade and other accounts receivable as well as fair value, is disclosed in Note 32.

Information on balances with associated parties is disclosed in Note 35.

**21 Advances issued and other assets**

	December 31, 2022	December 31, 2021
<b>Fixed</b>		
Advances issued	7,722	5,934
VAT for advances received	407	407
	<b>8,129</b>	<b>6,341</b>
<b>Current</b>		
Advances issued	92,408	186,574
Provision for impairment of advances issued	(4,246)	(5,377)
VAT recoverable	(12,192)	9,541
VAT for advances received and VAT for advances issued for the purchase of property, plant and equipment	41,707	50,341
Prepaid taxes except income tax	14,144	24,077
	<b>131,821</b>	<b>265,156</b>
	<b>139,950</b>	<b>271,497</b>

**22 Cash and cash equivalents**

	December 31, 2022	December 31, 2021
Cash at bank and in hand	3,510,721	1,984,357
Cash equivalents	650,000	–
	<b>4,160,721</b>	<b>1,984,357</b>

As of December 31, 2022 and December 31, 2021, all cash balances are denominated in rubles.



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As of December 31, 2022, cash equivalents include short-term investments in bank deposits employed for a period of up to three months. The deposits are opened at annual percentage rates from 7.12 % to 8.03 %.

### 23 Charter capital

#### (a) Charter capital

<i>In units</i>	<b>Ordinary shares</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Nominal value of one share	100 rubles	100 rubles
In circulation as of January 1	342,258,436	334,657,837
In circulation at the end of the year and fully paid	363,300,457	342,258,436

#### (b) Ordinary shares

In accordance with the Articles of Association as of December 31, 2021 and as of December 31, 2022, the charter capital of the Company is 33,465,783,700 rubles, it is divided into 334,657,837 units of ordinary registered non-documentary shares at nominal value of 100 rubles 00 kopecks each.

Since April 1, 2021, PJSC “Rosseti Kuban” has been placing additional shares and the Bank of Russia performed state registration of the placement as well as registration of the securities prospectus containing the conditions of securities placement on April 1, 2021 and on April 25, 2022. As of December 31, 2022, 28,642,620 additional shares were placed, including 21,042,021 in 2022.

The total amount of the Group’s outstanding shares is 363,300,457 items as of December 31, 2022.

#### (c) Dividends

The source of payment of dividends is the net profit of PJSC “Rosseti Kuban” determined in accordance with the requirements established by the current legislation of the Russian Federation.

The Annual General Meeting of Shareholders held on June 16, 2022, decided to pay dividends on the Company’s outstanding shares on the basis of the results of financial and business activities of PJSC “Rosseti Kuban” in 2021 in the amount of 932,223 thousand rubles in monetary form (Minutes of the Annual General Meeting of Shareholders of June 21, 2022 No. 48). The dividends amounted to 2.71262 rubles per one ordinary share of the Company.

The Extraordinary General Meeting of Shareholders held on December 5, 2022, decided to pay dividends on the PJSC “Rosseti Kuban” ordinary shares from the net profit of the Company received during 9 months of 2022 in the amount of 1,943,545 thousand rubles in monetary form (Minutes of the Extraordinary General Meeting of Shareholders of December 8, 2022 No. 49). The dividends amounted to 5.48230 rubles per one ordinary share of the Company.

For the year ended on December 31, 2022, dividends paid to Company owners amounted to 2,774,363 thousand rubles including 2,695,919 thousand rubles of the parent company PJSC “Rosseti” in which the dividends for 2021 amounted to 872,691 thousand rubles. (for the year ended on December 31, 2021 – dividends for 2020 were not accrued and were not paid to the owners of the company).

As of December 31, 2022, the debt for the payment of dividends to other owners amounted to 101,678 thousand rubles while the debt to the parent company for the payment of dividends was paid.

As of December 31, 2022, the dividends returned to the Group after the expiration of the claim period and included in retained earnings amounted to 71 thousand rubles. (as of December 31, 2021 – 217 thousand rubles).

#### (d) Additional issue of securities

In February 2021, the Extraordinary General Meeting of Shareholders of PJSC “Rosseti Kuban” decided to increase the charter capital of the Company by placing additional ordinary shares in the amount of 69,583,132

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units with a nominal value of 100 rubles each, for a total amount at a nominal value of 6,958,313,200 rubles (Minutes of the Meeting of February 26, 2021 No. 44).

On March 17, 2021, the Board of Directors of PJSC “Rosseti Kuban” approved a securities prospectus containing the conditions of placement of additional shares.

On April 1, 2021, the Bank of Russia carried out the state registration of this additional issue and the registration of the securities prospectus of PJSC “Rosseti Kuban”. The additional issue of securities was assigned the state registration number 1-02-00063-A. The initial period of additional shares placement is one year since the date of state registration of the additional issue. On April 25, 2022, the Bank of Russia registered the Group’s securities prospectus providing for extension of the additional share placement period till April 1, 2023 through the extension of the offer collection period till March 2, 2023.

During the period from April 10, 2021 till March 20, 2023, the shareholders exercised their pre-emptive right to purchase additional shares. The additional shares were paid in cash in the amount of 3,759,954 thousand rubles, 28,642,620 additional shares were placed amounting to 2,864,262 thousand rubles. The registrar performed the operation in the register of security holders of the Group for the initial placement of these shares. The amount of additional ordinary shares left after the pre-emptive right was exercised is 40,940,512 items.

### 24 Earnings per share

The calculation of earnings per share for the year ended on December 31, 2022 and December 31, 2021 is based on earnings attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding. The Company does not have dilutive financial instruments.

<i>In thousands of shares</i>	<b>2022</b>	<b>2021</b>
<b>Ordinary shares as of January 1</b>	<b>342,258</b>	<b>334,658</b>
The effect of the stock placement	21,042	7,600
<b>Weighted average number of shares for the period ended on December 31</b>	<b>349,986</b>	<b>342,258</b>
	<b>For the year ended on December 31, 2022</b>	<b>For the year ended on December 31, 2021</b>
Weighted average number of shares outstanding for the period ended on December 31 (in thousands of units)	363,300	342,258
Profit/(loss) for the period which is payable to Company owners	5,698,370	1,864,445
<b>Profit/(loss) per share – basic and diluted (in Russian rubles)</b>	<b>16.28</b>	<b>5.45</b>

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**25 Borrowings**

	December 31, 2022	December 31, 2021
<b>Non-current liabilities</b>		
Unsecured credits and loans	21,003,300	16,136,314
Lease liabilities	3,866,469	4,943,208
By deducting: current portion of non-current borrowings and credits	(4,071,757)	–
By deducting: current portion of non-current lease liabilities	(1,492,118)	(1,337,002)
	<b>19,305,894</b>	<b>19,742,520</b>
<b>Current liabilities</b>		
Unsecured credits and loans	18,523	4,834,192
Current portion of non-current borrowings and credits	4,071,757	–
Current portion of non-current lease liabilities	1,492,118	1,337,002
	<b>5,582,398</b>	<b>6,171,194</b>
<b>Including:</b>		
Interest payable on loans and borrowings	18,523	34,192
	<b>18,523</b>	<b>34,192</b>

As of December 31, 2022 and December 31, 2021, all loan balances are denominated in rubles.

As of December 31, 2022 and December 31, 2021, current and non-current liabilities on loans and borrowings amounted to 21,021,823 thousand rubles and 20,970,506 thousand rubles (excluding the current and non-current liabilities on lease).

As of December 31, 2022 and December 31, 2021, current and non-current liabilities on lease amounted to 3,866,469 thousand rubles and 4,943,208 thousand rubles respectively.

For the year ended on December 31, 2022, the Group used the following bank loans and borrowings:

	Effective interest rates	Repayment periods	Nominal value
Unsecured bank credits	KR + 1.35 % – KR + 1.70 %	2022–2025	14,682,503
Unsecured bank credits	KR + 1.5 % – KR + 1.50 %	2022–2023	1,000,698
			<b>15,683,201</b>

For the year ended on December 31, 2022, the Group repaid the following loans and bank credits:

	Nominal value
Unsecured bank credits	10,816,215
Unsecured loans	4,800,000
	<b>15,616,215</b>

As of December 31, 2022, the amount of available line of open but unused credit lines and loans of the Group amounted to 58,342,200 thousand rubles, including overdraft lending limits of 1,750,000 thousand rubles (43,209,186 thousand rubles as of December 31, 2021, including overdraft lending limits of 1,750,000 thousand rubles).

The Group has the opportunity to obtain additional financing within the appropriate limits including for ensuring the fulfillment of its current liabilities.

The Group does not use hedging instruments to manage interest rate risk.

Information on the Group's exposure to interest rate risk is disclosed in Note 32.

	Maturity date	Effective interest rate		Book value	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>Unsecured credits and loans</b>					
Unsecured loans	2023–2025	KR + 1.35 % – KR + 2.75 %	KR + 1.55 % – KR + 2.75 %	18,119,319	13,244,141
Unsecured loans	2023–2023	KR + 1.10 % – KR + 1.33 %	KR + 1.10 % – KR + 1.43 %	1,484,335	1,500,404
Unsecured loans	2025–2025	7.07 % – 7.07 %	7.07 % – 10.01 %	21,021,823	6,225,961
Lease liabilities	2023–2071	8.85 % – 14.37 %	6.16 % – 9.31 %	3,866,469	4,943,208
<b>Total liabilities</b>				<b>24,888,292</b>	<b>25,913,714</b>

**26 Changes in Liabilities Arising from Financial Activities**

	As of January 1, 2022		Interest payable on borrowings (except % under lease agreements)	As of December 31, 2022	
	Non-current	Current		December 31, 2022	December 31, 2021
<b>Changes in cash flows from financing activities</b>					
Raising borrowings	14,682,503	1,000,698	–	–	
Repayment of loans and borrowings	(9,815,517)	(5,800,698)	–	–	
Lease payments	–	–	(2,408,038)	–	
Interest paid (operating activities, for reference)	–	–	–	–	
Dividends paid	–	–	–	(2,774,363)	
<b>Total</b>	<b>4,866,986</b>	<b>(4,800,000)</b>	<b>(2,408,038)</b>	<b>(2,774,363)</b>	
<b>Non-cash changes</b>					
Reclassification	(4,071,757)	4,071,757	313,137	–	
Capitalized interest	–	–	2,079,232	–	
Interest expenses	–	–	–	262,684	
Receipts from lease agreements	–	–	–	(22,976)	
Dividends accrued	–	–	–	593,689	
Other changes, net	(4,071,757)	4,071,757	2,392,369	2,875,697	
<b>Total</b>	<b>16,931,543</b>	<b>4,071,757</b>	<b>18,523</b>	<b>101,678</b>	

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## 27 Employee benefits

The Group has a defined benefit pension and other long-term defined benefit plans that apply to most employees and retired employees. Liabilities under defined benefit programs consist of several unsecured programs that provide lump-sum payments upon retirement, payments in case of death of employees.

The amounts of defined benefit liabilities recognized in the consolidated statement of financial position are presented below:

	December 31, 2022	December 31, 2021
Net value of liabilities under employee benefit programs after termination of labor activity	621,344	545,309
<b>Total net value of liabilities</b>	<b>621,344</b>	<b>545,309</b>

Change in the value of net assets related to employee compensation liabilities:

	For the year ended on December 31	
	2022	2021
<b>Asset value as of January 1</b>	<b>308,658</b>	<b>319,337</b>
Income from plan assets	9,070	–
Employer’s contributions	21,543	20,734
Other movement on accounts	(198)	15,087
Benefits payment	(36,523)	(46,500)
<b>Value of assets as of December 31</b>	<b>302,550</b>	<b>308,658</b>

Assets related to defined benefit pension programs are administered by Non-State Pension Fund of JSC “NPF “Otkritic”. These assets are not assets of defined benefit pension plans since under the conditions of existing agreements with the fund, the Group has the opportunity to use contributions transferred under defined benefit pension plans to finance its defined contribution pension plans or transfer to another fund on its own initiative.

Changes in the present value of defined benefit liabilities:

	For the year ended on December 31, 2022		For the year ended on December 31, 2021	
	Benefits after termination of labor activity	Other long-term benefits	Benefits after termination of labor activity	Other long-term benefits
<b>Defined benefit liabilities as of January 1</b>	<b>545,309</b>	–	<b>561,821</b>	–
Cost of current services	24,302	–	26,968	–
Past service cost and budget sequestration	–	–	–	–
Interest expense on liabilities	42,072	–	30,725	–
Effect of revaluation:	–	–	–	–
– loss from changes in demographic actuarial assumptions	–	–	14,372	–
– profit/(loss) from changes in financial actuarial assumptions	(33,424)	–	(83,058)	–
– profit/(loss) from adjustment based on experience associated with demographic and financial actuarial assumptions	87,533	–	52,614	–
Contributions to the program	(44,448)	–	(58,133)	–
<b>Defined benefit liabilities as of December 31</b>	<b>621,344</b>	–	<b>545,309</b>	–

	As of January 1, 2021			As of December 31, 2021	
	Non-current	Current		Non-current	Current
<b>Changes in cash flows from financing activities</b>	<b>17,882,922</b>	<b>5,400,000</b>		<b>16,136,314</b>	<b>4,800,000</b>
Raising borrowings	17,994,477	6,020,569		16,136,314	4,800,000
Repayment of loans and borrowings	(19,741,085)	(6,620,569)		(19,741,085)	(6,620,569)
Lease payments	–	–		–	–
Interest paid (operating activities, for reference)	–	–		–	–
Dividends paid	–	–		–	–
<b>Total</b>	<b>(1,746,608)</b>	<b>(600,000)</b>		<b>16,136,314</b>	<b>4,800,000</b>
<b>Non-cash changes</b>					
Reclassification	–	–		–	–
Capitalized interest	–	–		–	–
Interest expenses	–	–		–	–
Receipts from lease agreements	–	–		–	–
Dividends accrued	–	–		–	–
Other changes, net	–	–		–	–
<b>Total</b>	<b>–</b>	<b>–</b>		<b>–</b>	<b>–</b>
			<b>Interest payable on borrowings (except % under lease agreements)</b>	<b>153,866</b>	<b>1,580,741</b>
			<b>Lease liabilities</b>	<b>6,097,272</b>	<b>4,943,208</b>
			<b>Dividends payable</b>	<b>479</b>	<b>344</b>
				<b>153,866</b>	<b>1,580,741</b>
				<b>(1,700,415)</b>	<b>34,192</b>
				<b>(1,724,923)</b>	<b>4,943,208</b>
				<b>–</b>	<b>–</b>
				<b>(1,323,437)</b>	<b>–</b>
				<b>(401,486)</b>	<b>–</b>
				<b>–</b>	<b>–</b>
				<b>329</b>	<b>–</b>
				<b>425,382</b>	<b>–</b>
				<b>351,785</b>	<b>–</b>
				<b>(206,637)</b>	<b>(127)</b>
				<b>570,850</b>	<b>(127)</b>
				<b>34,192</b>	<b>344</b>

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Expenses recognized in profit or loss for the period:

	For the year ended on	
	December 31, 2022	December 31, 2021
Employee service cost	24,302	26,968
Revaluation of liabilities under other long-term employee benefits	–	–
Interest expenses	42,072	30,725
<b>Total (income)/expenses recognized in profit or loss</b>	<b>66,374</b>	<b>57,693</b>

Profit/loss recognized in other comprehensive income for the period:

	For the year ended on	
	December 31, 2022	December 31, 2021
Loss from changes in demographic actuarial assumptions	–	14,372
(Profit)/loss from changes in financial actuarial assumptions	(33,424)	(83,058)
(Profit)/loss from adjustment based on experience	87,533	52,614
<b>Total (income)/expense recognized in other comprehensive income</b>	<b>54,109</b>	<b>(16,072)</b>

Change in reserve for revaluation of liabilities in other comprehensive income during the reporting period:

	For the year ended on December 31	
	2022	2021
<b>Revaluation as of January 1</b>	<b>483,146</b>	<b>499,218</b>
Revaluation change	54,109	(16,072)
<b>Revaluation as of December 31</b>	<b>537,255</b>	<b>483,146</b>

Basic actuarial assumptions:

	December 31, 2022	December 31, 2021
<b>Financial assumptions</b>		
Discount rate	10.30 %	8.4 %
Salary increase in the future	6.10 %	5.0 %
Inflation rate	5.60 %	4.5 %

**Demographic assumptions**

Predictable retirement age		
– Men	65	65
– Women	60	60
Moderate level of employee turnover	9.50 %	9.5 %

The sensitivity of the aggregate value of pension liabilities to changes in the main actuarial assumptions is given below:

	Changes in assumptions	Impact on liabilities
Discount rate	Increase/decrease by 0.50 %	Change by (3.20 %)
Salary increase in the future	Increase/decrease by 0.50 %	Change by 2.70 %
Benefits increase in the future (inflation)	Increase/decrease by 0.50 %	Change by 0.80 %
Level of employee turnover	Increase/decrease by 10.00 %	Change by (2.40 %)
Mortality rate	Increase/decrease by 10.00 %	Change by (0.90 %)

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The amount of expectable payments under long-term employee benefits programs for the period from January 1, 2023 – December 31, 2023 is 188,815 thousand rubles including:

- under defined benefit programs including non-state pension provision of employees, 188,815 thousand rubles;

**28 Trade and other account payable**

	December 31, 2022	December 31, 2021
<b>Non-current debt</b>		
Trade accounts payable	93,604	92,134
Other accounts payable	–	30,001
	<b>93,604</b>	<b>122,135</b>
<b>Current debt</b>		
Trade accounts payable	9,337,701	6,783,569
Other accounts payable and accrued expenses	171,424	707,163
Payables to employees	1,469,133	1,226,789
Dividends payable	101,678	344
	<b>11,079,936</b>	<b>8,717,865</b>
	<b>11,173,540</b>	<b>8,840,000</b>

Information on the Group's exposure to liquidity risk in terms of accounts payable is disclosed in Note 32.

**29 Taxes payable except income tax**

	December 31, 2022	December 31, 2021
VAT	514,660	571,743
Property tax	155,499	159,482
Social security contributions	473,181	170,816
Other taxes payable	88,432	63,132
	<b>1,231,772</b>	<b>965,173</b>

**30 Advances Received**

	December 31, 2022	December 31, 2021
<b>Non-current</b>		
Advances for services of technological connection to electric networks	1,971,783	1,127,028
Other advances received	1,338	6,914
	<b>1,973,121</b>	<b>1,133,942</b>
<b>Current</b>		
Advances for services of technological connection to electric networks	3,598,783	1,723,537
Other advances received	1,610,110	268,354
	<b>5,208,893</b>	<b>1,991,891</b>
	<b>7,182,014</b>	<b>3,125,833</b>



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### 31 Estimated liabilities

	For the year ended on December 31	
	2022	2021
<b>Balance as of January 1</b>	<b>2,084,450</b>	<b>921,992</b>
Accrual (increase) for the period	774,809	1,416,263
Recovery (decrease) for the period	(876,060)	(68,054)
Use of estimated liabilities	(557,745)	(217,546)
Capitalized	35,439	31,795
<b>Balance as of December 31</b>	<b>1,460,893</b>	<b>2,084,450</b>

The estimated liabilities mainly relate to lawsuits and claims brought against the Group for ordinary activities as well as estimated liabilities related to unregulated issues of the Group's tax disputes as of December 31, 2022 and December 31, 2021 in the amounts of 173,376 thousand rubles and 559,578 thousand rubles respectively.

### 32 Financial Risk and Capital Management

In the course of its normal financial and business activities, the Group is exposed to a variety of financial risks, including, but not limited to, the following: market risk (interest rate risk), credit risk and liquidity risk.

This Note contains information about the Group's exposure to each of these risks, discusses the objectives, policies and procedures for risk assessment and management as well as information about the Group's capital management. More detailed quantitative data are disclosed in the relevant sections of these Consolidated Financial Statements.

In order to maintain or change the capital structure, the Group may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

#### (a) Credit risk

Credit risk is the risk that the Group will incur a financial loss caused from buyers or contractors' failure to meet contractual liabilities regarding the financial instruments in full and on time. Credit risk is mainly associated with the Group's accounts receivable, bank deposits, cash and cash equivalents.

Deposits with original repayment period more than three months, cash and cash equivalents are placed in financial institutions that have a minimal risk of default are considered reliable counterparties with a stable financial position in the financial market of the Russian Federation.

Considering the structure of the Group's borrowers, the Group's exposure to credit risk mainly depends on the individual characteristics of each counterparty. The Group creates a provision for expected credit losses on trade and other receivables, the estimated value of which is determined based on the model of expected credit losses weighted by the probability of default, and can be adjusted both upward and downward. For these purposes, the Group analyzes the creditworthiness of counterparties, the dynamics of debt repayment, considers changes in payment conditions, the availability of third-party guarantees, bank guarantees, current economic conditions.

The book value of accounts receivable, less the allowance for expected credit losses, represents the maximum amount exposed to credit risk. Although the repayment of accounts receivable may be affected by economic and other factors, the Group believes that there is no significant risk of losses exceeding the created reserve.

The Group, whenever possible, uses a prepayment system in its relations with counterparties. As a rule, prepayment for technological connection of consumers to the networks is provided for by the contract. The Group does not require collateral for accounts receivable.

In order to effectively organize work with accounts receivable, the Group monitors changes in the volume of accounts receivable and its structure, highlighting current and overdue debts. In order to minimize credit risk, the Group implements measures aimed at timely fulfillment of contractual liabilities by counterparties, reducing and preventing the formation of overdue debts. Such measures, in particular, include: conducting negotiations with consumers of services, improving the efficiency of the process of forming the volume of services for the transmission of electricity, ensuring compliance with the schedules agreed with the reliable suppliers of control readings and technical verification of electricity metering devices, limiting the mode of electricity consumption (implemented in accordance with the statutory regulations of the legislation of the Russian Federation), claim work, presentation of requirements for the provision of financial security in the form of independent (bank) guarantees, banker's guarantees and other forms of ensuring the fulfillment of liabilities.

#### i. The level of credit risk

The book value of financial assets reflects the maximum amount of the Group's credit risk. As of the reporting date, the maximum level of credit risk was:

	Book value	
	December 31, 2022	December 31, 2021
Trade and other accounts receivable (less the provision for expected credit losses)	6,886,035	6,218,682
Cash and cash equivalents	4,160,721	1,984,357
	<b>11,046,756</b>	<b>8,203,039</b>

As of the reporting date, the maximum level of credit risk in terms of trade accounts receivable by buyer groups was:

	December 31, 2022		December 31, 2021	
	Total nominal value	Provision for expected credit losses	Total nominal value	Provision for expected credit losses
Buyers of electricity transmission services	7,667,559	(1,597,134)	7,077,351	(1,351,430)
Buyers of services for technological connection to networks	38,043	(27,797)	47,631	(24,810)
Other buyers	262,566	(110,193)	437,222	(309,983)
	<b>7,968,168</b>	<b>(1,735,124)</b>	<b>7,562,204</b>	<b>(1,686,223)</b>

The book value of trade accounts receivable attributable to the ten largest borrowers of the Group amounted to 5,570,634 thousand rubles as of December 31, 2022 (as of December 31, 2021: 5,339,100 thousand rubles).

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Classification of trade and other accounts receivable by statute of limitations is presented below:

	December 31, 2022		December 31, 2021	
	Total nominal value	Provision for expected credit losses	Total nominal value	Provision for expected credit losses
Outstanding debt	6,616,159	(274,759)	5,991,942	(479,900)
Overdue by less than 3 months	377,971	(77,116)	362,238	(72,480)
Overdue by more than 3 months and less than 6 months	287,666	(203,910)	124,041	(17,327)
Overdue for more than 6 months and less than a year	320,674	(216,882)	162,618	(78,622)
Overdue for more than a year	1,842,585	(1,786,353)	2,092,999	(1,866,827)
	<b>9,445,055</b>	<b>(2,559,020)</b>	<b>8,733,838</b>	<b>(2,515,156)</b>

The Group believes that overdue non-impaired accounts receivable are highly likely to be recoverable as of the reporting date due to the existence of positive judicial practice in similar cases.

The book value of accounts receivable from buyers and customers and other accounts receivable, less the provision for impairment of accounts receivable, represents the maximum amount exposed to credit risk. Although the repayment of accounts receivable is confirmed by the influence of economic factors, management believes that the Group does not have a significant risk of losses in excess of the already formed provision for expected credit losses.

The movement of the provision for expected credit losses on trade and other receivables is presented below:

	2022	2021
<b>Balance as of January 1</b>	<b>2,515,156</b>	<b>2,006,401</b>
Increase in the reserve for the period	723,282	604,955
Recovery of reserve amounts for the period	(97,988)	(69,044)
Amounts of trade and other accounts receivable written off from the previously accrued reserve	(581,430)	(27,156)
<b>Balance as of December 31</b>	<b>2,559,020</b>	<b>2,515,156</b>

As of December 31, 2022 and as of December 31, 2021, the Group has no contractual basis for offsetting financial assets and financial liabilities, and the Group's management does not anticipate offsetting in the future on the basis of additional agreements.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities at maturity date of liabilities redemption.

Liquidity risk management implies maintaining a sufficient amount of cash and availability of financial resources by obtaining credit lines. The Group adheres to a balanced model of working capital financing through the use of both current and non-current sources. Temporarily available funds are placed in the form of short-term financial instruments, mainly bank deposits.

The Group's approach to liquidity management is to ensure that the Group always has liquid funds sufficient to repay its liabilities on time preventing unacceptable losses and not putting the Group's reputation at risk. This approach is used to analyze payment conditions related to financial assets and forecast cash flows from operating activities.

As of December 31, 2022, the amount of available line of open but unused credit lines of the Group amounted to 58,342,200 thousand rubles (as of December 31, 2021: 43,209,186 thousand rubles). The Group has the opportunity to obtain additional financing within the appropriate limits including for ensuring the fulfillment of its current liabilities.

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Information concerning the contract periods of repayments of financial liabilities considering the expected interest payments and without taking into account the effect of set-offs is outlined below. By reference to the cash flows included in the time analysis of payment, it is not assumed that they may arise significantly earlier in time or in significantly different amounts:

December 31, 2022	Book value	Cash flows under the agreement	Cash flows					
			Up to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years
<b>Non-derivative financial liabilities</b>								
Credits and loans	21,021,823	25,070,389	5,794,646	5,736,563	13,539,180	—	—	—
Lease liabilities	3,866,469	5,486,316	1,708,122	1,689,798	168,786	122,272	92,238	1,705,100
Trade and other account payable	11,173,540	11,723,176	11,629,572	8,551	3,755	3,905	4,061	73,332
	<b>36,061,832</b>	<b>42,279,881</b>	<b>19,132,340</b>	<b>7,434,912</b>	<b>13,711,721</b>	<b>126,177</b>	<b>96,299</b>	<b>1,778,432</b>
<b>December 31, 2021</b>								
<b>Non-derivative financial liabilities</b>								
Credits and loans	20,970,506	24,532,308	6,792,666	1,263,945	10,740,524	5,735,173	—	—
Lease liabilities	4,943,208	7,056,042	1,775,684	1,631,567	1,622,884	108,880	70,325	1,846,701
Trade and other account payable	8,840,370	9,132,193	9,010,058	28,531	8,551	3,755	3,905	77,393
	<b>34,754,084</b>	<b>40,720,542</b>	<b>17,578,408</b>	<b>2,924,043</b>	<b>12,371,959</b>	<b>5,847,808</b>	<b>74,230</b>	<b>1,924,094</b>

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**(c) Market risk**

Market risk is the risk of changes in market prices such as foreign exchange rates, interest rates, commodity prices and the cost of capital which will affect the financial results of the Group's operations or the value of financial instruments held. The purpose of market risk management is to control exposure to market risk and keep it within acceptable limits while achieving optimization of investment returns.

**i. Currency risk**

Most of the Group's income and expenses as well as monetary assets and liabilities are denominated in Russian rubles. Changes in exchange rates do not have a direct significant impact on the Group's income and expenses.

**ii. Interest risk**

Changes in interest rates mainly have an impact on loans and borrowings as they change either their fair value (for loans and borrowings with a fixed rate) or future cash flows (for loans and borrowings with a floating rate). The Group's management does not adhere to any established rules when determining the ratio between loans and borrowings at fixed and floating rates. However, when making borrowing decisions, the Group's management prefers loans and borrowings with fixed rates, and, as a result, the Group is exposed to the risk of changes in these rates to a limited extent. At the same time, in the loan agreements concluded by the Group, as a rule, there are no prohibitive commissions of creditor banks for early repayment of debt on the initiative of the borrower which provides the Group with additional flexibility in optimizing interest rates in the current economic conditions.

**Sensitivity analysis of the fair value for fixed rate financial instruments**

The Group does not account for any fixed rate financial assets and liabilities as instruments measured at fair value, changes in which are reflected in profit or loss for the period. Accordingly, the change in interest rates as of the reporting date would not affect the profit or loss indicators.

**(d) Fair and book value**

The book value of the Group's financial instruments corresponds to their fair value, respectively, no additional disclosure is provided for them.

The interest rate used to discount the expected future cash flows on non-current accounts receivable for the purposes of determining the disclosed fair value as of December 31, 2022 was 8.85–13.15 % (December 31, 2021: 6.78–8.69 %).

The interest rate used to discount the expected future cash flows on non-current accounts payable for the purposes of determining the disclosed fair value as of December 31, 2022 was 8.85–13.15 % (as of December 31, 2021: 6.78–8.69 %).

The interest rate used to discount expected future cash flows on non-current and current borrowings for the purposes of determining the disclosed fair value as of December 31, 2022 was KR\*+1.35 % – KR\*+2.75 % (as of December 31, 2021: 5.60 % – KR\*+2.75 %).

For the year ended on December 31, 2022, there were no transfers between the levels of the fair value hierarchy.

\* KR – key rate of the Bank of Russia.

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**(e) Capital management**

The main aim of capital management for the Group is to maintain a consistently high level of capital which allows maintaining the trust of investors, creditors and market participants and ensuring sustainable business development in the future.

The Group monitors the structure and return on equity using coefficients calculated on the basis of consolidated financial statements under the IFRS, management reports and statements prepared in accordance with the RAS. The Group analyzes the dynamics of the indicators of total debt and net debt, the structure of debt as well as the ratio of equity and debt capital.

The Group manages the debt position by implementing a credit policy aimed at improving financial stability, optimizing the debt portfolio and building long-term relationships with debt capital market participants. To manage the debt position, limits are applied in the Group including by categories of financial leverage, debt coverage, debt service coverage. The initial data for calculating the limits are the indicators of the RAS reporting.

The Company and its subsidiaries are required to comply with the statutory requirements for equity adequacy, according to which the value of their net assets, determined in accordance with Russian accounting principles, must constantly exceed the amount of the charter capital.

As of December 31, 2022 and as of December 31, 2021, these requirements were met.

**33 Capital Contractual Liabilities**

The amount of the Group's capital liabilities under contracts for the purchase and construction of property, plant and equipment is 1,147,198 thousand rubles, including VAT, as of December 31, 2022 (as of December 31, 2021: 2,416,614 thousand rubles, including VAT).

**34 Contingent Liabilities**

**(a) Insurance**

The Group has uniform requirements regarding the volume of insurance coverage, the reliability of insurance companies and the procedure for organizing insurance protection. The Group insures assets, civil liability and other insured risks. The Group's main production assets have insurance coverage including coverage in case of damage or loss of property, plant and equipment. Nevertheless, there are risks of a negative impact on the Group's operations and financial position in the event of damage to third parties as well as a result of loss or damage to assets whose insurance protection is not available or has not been fully implemented.

**(b) Contingent tax liabilities**

Russian tax legislation allows for different interpretations with respect to the operations and activities of the Group. Accordingly, the management's interpretation of tax legislation and its formal documentation can be successfully challenged by the relevant regional or federal authorities. Tax administration in Russia is gradually being strengthened. In particular, the risk of checking the tax aspect of transactions without obvious economic meaning or with counterparties violating tax legislation increases. Tax audits may cover three calendar years prior the year of the decision on the tax audit. Under certain conditions, earlier periods may also be subject to verification.

**PJSC “Rosseti Kuban”**  
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The Russian tax authorities have the right to add additional tax liabilities and penalties based on the rules established by the legislation on transfer pricing (hereinafter referred to as “TP”) if the price/profitability in controlled transactions differs from the market level. The list of controlled transactions mainly includes transactions concluded between related parties.

Starting from January 1, 2019, control over transfer pricing for a significant part of domestic transactions has been abolished. However, the exemption from price control may not be applicable to all transactions made on the domestic market. At the same time, in the case of additional charges, the mechanism of counter-adjustment of tax liabilities can be used if certain legal requirements are met. Intra-group transactions that have been out of the control of the TP since 2019 can nevertheless be checked by the territorial tax authorities for obtaining unjustified tax benefits, and TP methods can be used to determine the amount of additional charges. The federal executive body authorized for control and supervision in the field of taxes and fees may verify prices/profitability in controlled transactions and, in case of disagreement with the prices applied by the Group in these transactions, add additional tax liabilities if the Group is unable to justify the market nature of pricing in these transactions by providing relevant legal requirements transfer pricing documentation.

As the practice of applying the property tax rules develops further, the criteria for classifying property as movable or immovable property applied by the Group may be challenged by the tax authorities and courts. The Group's management does not exclude the risk of resource outflow while the impact of such developments cannot be assessed with a sufficient degree of reliability.

In the opinion of management, the relevant provisions of the legislation have been interpreted correctly by them, and the Group's position in terms of compliance with tax legislation can be justified and protected.

As of December 31, 2022, the on-site tax audit for 2016–2018 has been completed. The Decision of the tax body on the results of on-site tax audit of the financial and business activities defines violations in terms of determining the useful life and amortization group for certain power infrastructure facilities.

Due to the existence of negative judicial practice in additional charging of income tax as well as company property tax due to amortization overstatement, the Company assesses the risk as “probable”. In this regard, the Group's management, exercising the principle of prudence, decided to create a reserve for estimated liabilities in the amount of 173,376 thousand rubles.

Due to the fact that the Decision of the tax body on the results of on-site tax audit for 2016–2018 contains no tax claims on company property in terms of requalification of the property, plant and equipment from “movable” to “immovable” category and due to the change in judicial practice in favor of other subsidiaries and associates of PJSC “Rosseti”, the sum of earlier created provision of estimated liabilities on tax risks has been fully recovered in the amount of 559,578 thousand rubles.

The amount of provision on tax disputes was 173,376 thousand rubles as of December 31, 2022. (as of December 31, 2021 – 559,578 thousand rubles). The Group intends to challenge the tax body decision.

**(c) Legal proceedings**

The Group is a participant in a number of lawsuits (both as a plaintiff and a defendant) arising in the course of ordinary business activities.

In the opinion of the management, there are currently no outstanding claims or other claims that could have a material impact on the results of operations or the financial position of the Group and would not be recognized or disclosed in the Consolidated Financial Statements.



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**(d) Environmental commitments**

The Group has been operating in the field of the power industry in the Russian Federation for many years. The legislation on environmental protection in the Russian Federation continues to develop, and the duties of authorized state bodies to monitor its compliance are being reconsidered. Potential environmental commitments arising from changes in interpretations of existing legislation, lawsuits or changes in legislation cannot be assessed. In the opinion of the management, under the existing control system and under current legislation, there are no probable liabilities that could have a material negative impact on the financial position, results of operations or cash flows of the Group.

**35 Related Party Transactions****(a) Control relationship**

Related parties are shareholders, affiliates and organizations under common ownership and control of the Group, members of the Board of Directors and key management personnel of the Group. As of December 31, 2022 and December 31, 2021, control over the Group belonged to PJSC “Rosseti”. The ultimate controlling party is the state represented by the Federal Agency for Property Management which owns a controlling stake in PJSC “Rosseti”.

**(b) Transactions with the parent company, its subsidiaries and associated companies**

Transactions with the parent company, its subsidiaries and associated companies include transactions with PJSC “Rosseti”, its subsidiaries and associated companies:

	Transaction amount for the year ended on December 31		Book value	
	2022	2021	December 31, 2022	December 31, 2021
<b>Revenue, other income, financial income</b>				
<b>Parent company</b>				
Other revenue	1,185	1,185	–	–
<b>Enterprises under the common control of the parent company</b>				
Lease	4,789	4,608	6	1,363
Other revenue	99,182	2,908	84,954	63,846
Interest income	5,885	3,751	7,016	1,796
Income from technological connection services	–	46	–	–
Other operating income	1,326	11,350	5,469	68,607
Net income/expenses from sale of property, plant and equipment	35,236	–	–	–
	<b>147,603</b>	<b>23,848</b>	<b>97,445</b>	<b>135,612</b>
Provision for expected credit losses on trade and other accounts receivable	35,969	(6,643)	(68,424)	(104,393)
Accounts receivable less the provision for expected credit losses	–	–	29,021	31,219

**PJSC “Rosseti Kuban”**  
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	Transaction amount for the year ended on December 31		Book value	
	2022	2021	December 31, 2022	December 31, 2021
<b>Operating expenses, financial expenses</b>				
<b>Parent company</b>				
Expenses for the organization and development of the UPS	110,819	104,437	19,926	19,434
Other works and services of production nature	15,272	15,272	–	–
Other expenses	–	6,382	–	–
Interest expenses on financial liabilities carried at amortized cost	570,300	285,394	18,169	25,961
<b>Enterprises under the common control of the parent company</b>				
Services for electric power transmission	8,324,432	8,051,470	879,062	790,579
Services for technological connection to electric networks	39	1,493	9162	–
Repair and maintenance services	1,903	1,830	–	549
Short-term lease	–	–	–	1,217
Software and maintenance expenses	41,632	–	3,401	–
Other expenses	51,118	84,927	9,838	21,314
Interest expenses on lease liabilities	18,624	20,661	–	–
Interest expenses on financial liabilities carried at amortized cost	23,654	14,898	–	–
	<b>9,157,793</b>	<b>8,586,764</b>	<b>939,558</b>	<b>859,054</b>
Construction and installation works	105,988	47,365	366,666	424,114
	<b>9,263,781</b>	<b>8,634,129</b>	<b>1,306,224</b>	<b>1,283,168</b>

	Book value	
	December 31, 2022	December 31, 2021
<b>Parent company</b>		
Credits and loans	1,400,000	5,600,000
<b>Enterprises under the common control of the parent company</b>		
Advances issued	7,722	5,934
Lease liabilities	235,543	286,291
Advances received	571,445	30
Credits and loans	–	600,000
	<b>2,214,710</b>	<b>6,492,255</b>

For the year ended on December 31, 2022, the Group did not obtain any loans from the parent company but repaid 4,200,000 thousand rubles. (for the year ended on December 31, 2021, the Group obtained loans from the parent company in the amount of 4,200,000 thousand rubles, repaid – 5,400,000 thousand rubles).

For the year ended on December 31, 2022, the Group did not obtain any loans from companies under the general control of the parent company but repaid 600,000 thousand rubles. (for the year ended on December 31, 2021, the Group obtained loans from companies under the general control of the parent company in the amount of 600,000 thousand rubles, there was no repayment).

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As of December 31, 2022, there is no debt to the parent company for the payment of dividends (as of December 31, 2021 – none).

**(c) Operations with key management personnel**

For the purposes of preparation of the Consolidated Financial Statements, the members of the Board of Directors and the Executive Board of PJSC “Rosseti Kuban”, the General Director and deputies of the same were included in the key management personnel.

Remuneration of key management personnel consists of the salary stipulated by the employment agreement, non-monetary benefits as well as bonuses determined by the results for the period and other payments. Remuneration or compensations are not paid to the members of the Board of Directors who are simultaneously the members of the Company's collective executive body or an individual executive body (General Director) of the Company.

The amounts of remuneration to key management personnel disclosed in the table represent the costs of the current period for key management personnel reflected in the employee compensation expenses.

	For the year ended on December 31	
	2022	2021
Short-term employee benefits	231,010	181,750
	<b>231,010</b>	<b>181,750</b>

The current value of liabilities under defined benefit and defined contribution programs as well as other post-employment benefits, in respect of key management personnel as of December 31, 2022 amounted to 0 thousand rubles (as of December 31, 2021: 0 thousand rubles).

**(d) Transactions with the government-related entities**

As part of its operating activities, the Group carries out transactions with other government-related entities. These operations are carried out at regulated tariffs or at market prices, market interest rates. Taxes are accrued and paid in accordance with Russian tax legislation.

Revenue from government-related entities amounted to:

- 1.29 % of the Group's total revenue for the year ended December 31, 2022 (for the year ended on December 31, 2021: 2.68 %);
- 0.86 % of the Group's electricity transmission revenue for the year ended on December 31, 2022 (for the year ended December 31, 2021: 0.90%).

The expenses of electricity transmission and the expenses of purchasing electricity to compensate for technological losses, for the government-related entities, amounted to 4.72 % of the total expenses of transmission and compensation for losses for the year ended on December 31, 2022 (for the year ended December 31, 2021: 4.37%).

As of December 31, 2022, credits and loans from banks associated with the main shareholder of the parent company amounted to 18,019,319 thousand rubles (as of December 31, 2021: 13,244,141 thousand rubles).

For the year ended on December 31, 2022, the Group obtained loans and borrowings from banks associated with the main shareholder of the parent company in the amount of 14,682,503 thousand rubles, repaid – 9,799,497 thousand rubles. (for the year ended on December 31, 2021, the Group obtained loans and borrowings from banks associated with the main shareholder of the parent company in the amount of 17,224,926 thousand rubles, repaid – 19,471,534 thousand rubles).

**PJSC “Rosseti Kuban”**  
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Interest accrued on loans and borrowings from the government-related banks for the year ended on December 31, 2022 amounted to 1,532,550 thousand rubles (for the year ended on December 31, 2021: 1,106,050 thousand rubles).

As of December 31, 2022, the balance of cash and cash equivalents placed in the government-related banks amounted to 3,509,687 thousand rubles (as of December 31, 2021: 1,981,785 thousand rubles).

As of December 31, 2022, lease liabilities for the government-related entities amounted to 3,229,417 thousand rubles (as of December 31, 2021: 4,721,931 thousand rubles).

**36 Events after the reporting date**

In the period after the reporting date, the Group received cash in the amount of 895,692 thousand rubles to pay for outstanding shares. Additional shares were not transferred to the original owners in that period.

On January 9, 2023, reorganization of Public Joint Stock Company “Rosseti” (the largest shareholder of the Group), Joint Stock Company “Far East Power Management Company – ENES” (also, the owner of a stock of the Group's shares) through the consolidation with Public Joint Stock Company “Federal Network Company – Rosseti” (successor) (OGRN 1024701893336, INN 4716016979), record in the Unified State Register of Legal Entities under the State Registration Number 2237700011767. PJSC “Federal Network Company – Rosseti” is a universal successor of the mentioned organizations, and the title for all shares of PJSC “Rosseti Kuban” owned by the said shareholders of the Group has been transferred to it.

The share of Public Joint Stock Company “Federal Network Company – Rosseti” in the Group's outstanding shares amounts to 99.69 % as of January 9, 2023.

There are no other significant events that have or may have an impact on the financial condition, cash flows or results of operations of the Group that occurred between the reporting date and the date of signing of the Consolidated Financial Statements of the Group for the year ended on December 31, 2022, prepared in accordance with the IFRS except for the events disclosed in the Note 1 in relation to the economic environment in which the Group operates.

# APPENDIX NO. 6

**Auditing Commission  
Rosseti Kuban, PJSC**

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Approved by  
the Auditing Commission  
of Rosseti Kuban, PJSC  
(Minutes No. 3 dated 28 April 2023)

**OPINION OF THE AUDITING  
COMMISSION**

Public Joint Stock Company  
Rosseti Kuban

2022

## I. INTRODUCTION

### INFORMATION ON THE MEMBERSHIP OF THE AUDITING COMMISSION

The members of the Auditing Commission were elected by the resolution of the General Meeting of Shareholders	Resolution of the annual General Meeting of Shareholders of Rosseti Kuban dated 16 June 2022 (Minutes No. 48 dated 21 June 2022)
The Chairman, Deputy Chairman and the Secretary of the Auditing Commission were elected by the resolution of the Auditing Commission	Minutes of the Auditing Commission of Rosseti Kuban, PJSC No. 1 dated 20 July 2022
Chairman of the Auditing Commission	Svetlana Kovaleva
Deputy Chairman of the Auditing Commission	Viktor Tsarkov
Secretary of the Auditing Commission	Svetlana Trishina
Members of the Auditing Commission	Alexander Rybalchenko Natalya Tsyganova

Duration of the audit: Pursuant to the Work Plan of the Auditing Commission for the corporate year 2022–2023 (Minutes of Meeting of the Auditing Commission of Rosseti Kuban, PJSC No. 1 dated 20 July 2021), the audit of the financial and business activities of Rosseti Kuban, PJSC for 2022 was conducted in the period from February to June 2023.

Grounds for the audit: Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, Articles of Association of Rosseti Kuban, PJSC, Regulations on the Auditing Commission of Rosseti Kuban, PJSC, Resolution of the Auditing Commission of Rosseti Kuban, PJSC (Minutes of Meeting No. 1 dated 20 July 2022).

Objective of the audit: To confirm the accuracy of the data contained in the Annual Report for 2022, the accounting (financial) statements of Rosseti Kuban, PJSC for 2022, and the Report on Interested-Party Transactions entered into in 2022 (hereinafter, Statements).

Reliability in all material respects means the degree of accuracy of the data in the Statements, which allows the shareholders to draw correct conclusions about the results of business operations, financial and property position of Rosseti Kuban, PJSC, and to make informed decisions based on such conclusions.

In accordance with Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995 and the Articles of Association of Rosseti Kuban, PJSC, the executive body of Rosseti Kuban, PJSC is responsible for organisation, condition and reliability of the accounting process at Rosseti Kuban, PJSC and timely submission of accounting (financial) statements.

Audited period: from 01.01.2022 to 31.12.2022.

Object of the audit: Annual Report for 2022, accounting (financial) statements for 2022, resolutions of management bodies, local regulations and organisational and administrative documents of Rosseti Kuban, PJSC, roadmaps, accounting registers, primary accounting documents and other documentation of financial and economic activities of Rosseti Kuban, PJSC.

## COMPANY DETAILS

Full title	Public Joint Stock Company Rosseti Kuban (hereinafter referred to as the Company)
Abbreviated name	Rosseti Kuban, PJSC (hereinafter referred to as the Company)
Location (registered office)	2A Stavropolskaya Street, Krasnodar, Krasnodar Region, 350033, Russian Federation
State registration (Primary State Registration Number (OGRN), date)	1022301427268 dated 17.09.2002
INN (Tax Payer ID)	2309001660
Branches and specialised subdivisions	<ul style="list-style-type: none"> <li>- Krasnodar Power Grids</li> <li>- Sochi Power Grids</li> <li>- Armavir Power Grids</li> <li>- Adygeya Power Grids</li> <li>- Timashevsk Power Grids</li> <li>- Tikhoretsk Power Grids</li> <li>- Leningrad Power Grids</li> <li>- Slavyansk Power Grids</li> <li>- South-West Power Grids</li> <li>- Labinsk Power Grids</li> <li>- Ust-Labinsk Power Grids</li> </ul>
Sole executive body	Boris Ebzeev, Acting General Director since 18 May 2021.
Chief Accountant	Lyudmila Loskutova, Chief Accountant — the Head of Accounting and Tax Reporting Department since 21 June 2021.
Average-headcount in 2022	8,767.1 full-time equivalent
Key shareholders	Rosseti PJSC (93.96%), DVEUK – UNPG, JSC (5.73%)
Key business activities	Electricity transmission and connection to distribution grids (All-Russia Classifier of Economic Activities (OKVED) code 35.12)

## 11. SUMMARY

The audit examined the Company's compliance with the legislation of the Russian Federation and the local regulations of the Company.

The Auditing Commission selectively audited a number of financial and business transactions of the Company for accurate and timely recording of the facts of business life in the accounting and financial statements for 2022, the reliability and completeness of information disclosure in the annual report for 2022.

In evaluating the reliability of the accounting (financial) statements for 2022, the Auditing Commission relied on the opinion of the Company's auditor, Company Audit Technology and Solutions Centre – Auditing Services, LLC (TsATR – Auditing Services) (member of the self-regulated organisation of auditors Association Sodruzhestvo, ORNZ 12006020327), expressed in its auditor's report dated 21 March 2023 (Audit Agreement No. 407/30-746 dated 27 June 2022).



In the opinion of the Company's auditor, TsATR – Auditing Services, LLC: *“accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, as well as its financial performance and cash flows in 2022, in compliance with the Russian Federation rules for accounting (financial) statements”*. The statements are prepared in accordance with the laws and regulations of the Russian Federation (Russian Accounting Standards — RAS) and local regulations of the Company, in all material respects.

In the course of the audit, the annual accounting (financial) statements and the annual report of the Company for the year 2022 were reconciled on a random basis. As part of the work done, the Auditing Commission did not find any material misstatements in the financial information contained in the Company's Annual Report for 2022. The Company's Annual Report to be submitted for approval by the Annual General Meeting of Shareholders contains information as required by Bank of Russia Regulation No. 714-P dated 27 March 2020 on Disclosure of Information by Issuers of Equity Securities. At the time of issuing this Opinion, the Annual Report 2022, which is to be submitted to the Annual General Meeting of Shareholders for approval, has not been approved by the Company's Board of Directors.

The Auditing Commission checked the accuracy of information in the report on the interested-party transactions concluded in 2022 for compliance with the requirements of Federal Law No. 208-FZ dated 26 December 1995 on Joint Stock Companies and the Bank of Russia Instruction No. 4335-U dated 31 March 2017 on Establishing the Limits for the Amount of Transactions of Joint Stock Companies and Limited Liability Companies, above which such transactions may be recognised as interested-party transactions. There were no facts of distortion of the information contained in the report on interested party transactions concluded in 2022. At the time this Opinion was given, the report on interested-party transactions concluded in 2022 has not been yet approved by the Board of Directors of the Company.

No facts of violation of legal acts of the Russian Federation in the course of financial and economic activities, which could materially affect the Company's Statements, were revealed in the course of the selective review.

Pursuant to Article 88 of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Auditing Commission shall, based on the results of the audit of the Company's financial and economic activities for 2022, express an opinion on the reliability of information, in all material respects, contained in the Company's annual report for 2022 and annual financial statements for 2022.

Composition of the statements of Rosseti Kuban, PJSC confirmed by the Auditing Commission

Sl. No.	Description of a reporting document	Date of signing by management	Number of sheets in a document
1.	Balance Sheet as at 31 December 2022	21.03.2023	2
2.	Report on Financial Performance for January to December 2022	21.03.2023	1
3.	Statement of Changes in Equity for 2022	21.03.2023	3
4.	Cash Flow Statement for January to December 2022	21.03.2023	2
5.	Explanatory Note to the Balance Sheet and Financial Performance of Rosseti Kuban, PJSC for 2022, in narrative and tabular formats	21.03.2023	87
6.	Annual Report of Rosseti Kuban, PJSC for 2022 (with appendices, including report on interested-party transactions concluded in 2022)	—	428

This Opinion of the Auditing Commission should be read in conjunction with all the supporting accounting (financial) statements and notes to the balance sheet and income statement for 2022, with the Company's annual report for 2022 and with the report on interested-party transactions entered into in 2022.

Chairman of  
the Auditing Commission

\_\_\_\_\_ S. Kovalyova

Members of  
the Auditing Commission:

\_\_\_\_\_ V. Tsarkov

\_\_\_\_\_ S. Trishina

\_\_\_\_\_ A. Rybalchenko

\_\_\_\_\_ N. Tsyganova

# APPENDIX NO. 7

## FUNCTIONS OF PARTICIPANTS IN THE INTERNAL CONTROL SYSTEM OF ROSSETI KUBAN, PJSC (HEREINAFTER REFERRED TO AS THE ICS)

Sl. No	ICS participants	Key functions within the ICS
1	Auditing Commission	<ul style="list-style-type: none"> <li>Exercises control over financial and economic activities of the Company; based on its results, it prepares proposals/recommendations for improvement of the ICS</li> <li>carries out independent assessment of accuracy of the data contained in the Company's Annual Report and the annual accounting statements of the Company</li> </ul>
2	Board of Directors	<ul style="list-style-type: none"> <li>Determines the principles and approaches to the organisation of the Company's ICS, including approving the Company's internal documents defining the organisation and the strategy for the development and improvement of the ICS, supports the Company's Internal Control Policy</li> <li>Monitors the activities of the executive bodies of the Company in the main (priority) areas</li> <li>Reviews the report of the Management Board on organisation and functioning of the Company's ICS</li> <li>Annually reviews reports of the internal auditor on the efficiency of the ICS</li> <li>Considers the results of the external independent assessment of the efficiency of ICS</li> </ul>
3	Audit Committee under the Board of Directors	<ul style="list-style-type: none"> <li>Carries out preliminary consideration before approval by the Board of Directors of the Company's internal documents defining the organisation and strategy for the developments and improvement of the ICS, Internal Control Policy and subsequent changes to them</li> <li>Carries out preliminary consideration (prior to consideration by the Board of Directors) of the results of assessment of the ICS efficiency based on the report of the internal auditor on the ICS efficiency, as well as information on the results of the external independent assessment of the ICS; it also prepares proposals / recommendations for improvement of the ICS</li> <li>Monitors the ICS regarding consideration of issues related to control over the accuracy of the Company's accounting (financial) statements, over selection of an external auditor and conducting an external audit, over ensuring compliance with regulatory legal requirements regarding consideration of the report of the Management Board on the organisation and functioning of the ICS, and also regarding consideration of issues related to the analysis and assessment of implementation of the Internal Control Policy</li> </ul>

Sl. No	ICS participants	Key functions within the ICS
4	Other Committees under the Board of Directors: Personnel and Remuneration Committee Reliability Committee Strategy, Development, Investment and Reform Committee Grid Connection Committee	<ul style="list-style-type: none"> <li>Monitor the implementation of the financial and operational targets, supervise the compliance with applicable laws, rules and procedures prescribed by local regulations, as well as the accuracy and timeliness of reporting generated by the Company, within the purview of competencies established by the Board of Directors</li> </ul>
5	Executive bodies: Management Board, General Director	<ul style="list-style-type: none"> <li>Ensure creation and effective functioning of the ICS</li> <li>Are in charge of implementing the Board of Directors' decisions within the ICS's framework</li> </ul>
5.1	Management Board of the Company	<ul style="list-style-type: none"> <li>Establishes the direction and plans for development and improvement of the ICS</li> <li>Prepares the Company's financial and operating performance reports, ICS performance reports</li> <li>Reviews the results of the external independent assessment of the ICS efficiency and creates strategies to advance and enhance the ICS</li> </ul>
5.2	General Director of the Company	<ul style="list-style-type: none"> <li>Approves the regulatory and methodological documents of the Company on the organisation and functioning of the ICS, except for the documents which approval falls within the competences of the Company's Board of Directors</li> <li>Ensures execution of the Company's business plans necessary for achieving its targets</li> <li>Supervises accounting and management reporting, preparation of accounting (financial) and other statements</li> <li>Submits the business performance reports and ICS performance reports for the consideration of the Board of Directors</li> </ul>
6	Collective working bodies; the most important ones among them:	<ul style="list-style-type: none"> <li>Perform, within their remit, control procedures and/or develop recommendations for improving control procedures and certain components (elements) of internal control and the ICS:</li> </ul>
6.1	Commission for Settlement of Accounts Receivable of the Company	<ul style="list-style-type: none"> <li>Evaluates the reasonableness and prospects for settling disputes pertaining to financial settlements between the Company and counterparties</li> <li>Evaluates the efficiency of measures aimed to reduce accounts receivable, including for electricity transmission services rendered</li> <li>Reviews accounts receivable management issues submitted by the structural divisions of the Company to the Commission for consideration</li> <li>Determines the stance of the Company towards the management of accounts receivable</li> </ul>
6.2	Performance Assessment Commission for Contractors Involved in the Construction, Retrofitting and Reconstruction of the Company	<ul style="list-style-type: none"> <li>Identifies issues in a counterparty's production activities that could lead to risks of the counterparty not fulfilling (or performing improperly) its contractual commitments to the Company</li> <li>Provides a comprehensive job performance assessment of counterparties in the context of the production direction in capital construction</li> <li>Creates a list of legitimate contractors who are performing their duties as required by contracts for the construction, retrofitting and reconstruction of Power Grid Complex facilities</li> </ul>
6.3	Power Supply Consolidation Commission of the Company	<ul style="list-style-type: none"> <li>Determines the engineering and economic feasibility of acquiring power facilities, while taking into account all submitted documents</li> <li>Determines the position towards the submitted project on power facilities acquisition feasibility (non-feasibility)</li> <li>Settles a power facility acquisition transaction</li> <li>Effects a contract on the acquisition of facilities and organises registration of facilities</li> </ul>
6.4	Commission on Corporate Ethics Compliance and Conflict of Interest Resolution	<ul style="list-style-type: none"> <li>Resolves pre-conflict situations arising in the Company's structural divisions, information about which is sent by the Anti-Corruption Compliance Procedure Unit for consideration at Commission meetings</li> <li>Resolves conflicts of interest involving the staff of the Company</li> <li>Examines the details of any violations of the Company's corporate code of ethics and standards of business conduct</li> <li>Enforces the requirements of Article 13.3 of Federal Law No. 273-FZ dated 25 December 2008 'On Anti-Corruption'</li> </ul>

Sl. No	ICS participants	Key functions within the ICS
7	Heads of the Company's units and structural divisions	<ul style="list-style-type: none"> <li>Develop, document, introduce, monitor and improve the internal control system across the functional fields of the Company, the responsibility for the organisation and coordination/ fulfilment of which is assigned to them by the Company's regulatory documents/ regulations on structural divisions, including:</li> <li>Make sure internal control principles are put into practice</li> <li>Establish effective processes (areas of business), including development and introduction of new control procedures or the modification of existing ones, while taking the identified risks into consideration</li> <li>Ensure regulation of supervised processes (areas of business)</li> <li>Enforce control procedures</li> <li>Assess (monitor) execution of control procedures</li> <li>Determine whether there is a need to optimise the supervised processes (areas of business) in order to increase efficiency and adapt to the changing external and internal environment, and coordinate the creation of suggestions for enhancing the control procedures</li> <li>Make certain that any identified flaws in the control procedures and processes (areas of business) are corrected</li> </ul>
8	Employees of the Company's structural divisions, doing control procedures as part of their job responsibilities	<ul style="list-style-type: none"> <li>Perform the control procedures</li> <li>Promptly inform their line managers about cases when the control procedures are rendered impossible for any reason and/or the design of the control procedures is required to be modified due to a change in the Company's internal and/or external business environment</li> <li>Submit proposals to their line management for the introduction of control procedures in relevant areas of business</li> </ul>
<b>2nd line of defence</b>		
9	Internal Control and Risk Management Directorate	<ul style="list-style-type: none"> <li>Develops and ensures the implementation of basic and methodological documents on the creation and improvement of the ICS</li> <li>Assists management in establishing the business process ICS, in making recommendations on the description and introduction of the control procedures in processes (areas of business) and assigning responsibility to officials</li> <li>Prepares an ICS status report for stakeholders</li> <li>Interacts with government regulatory authorities on the internal control matters</li> </ul>
10	<b>Specialised control divisions:</b>	
10.1	Economic Security Directorate of the Security Department	<ul style="list-style-type: none"> <li>Prevents unfair competition</li> <li>Conducts official investigations into harm (harm patterns) to interests of the Company's economic security</li> <li>Makes arrangements against theft of electricity, financial and material resources, intellectual property, as well as prevents other crimes against the Company's property</li> <li>Conducts independent audits and participates in joint inspections of the financial and economic divisions of the Company to prepare its own opinion on violations and build an evidential base to protect the Company's legitimate interests</li> </ul>
10.2	Anti-Corruption Compliance Procedure Unit of the Security Department	<ul style="list-style-type: none"> <li>Creates and coordinates the deployment of a centralised system for corporate and anti-corruption compliance procedures inside the Company</li> <li>Organises the Company's corporate and anti-corruption compliance procedures</li> </ul>

Sl. No	ICS participants	Key functions within the ICS
10.3	Legal Department	<ul style="list-style-type: none"> <li>Supervises the Company's compliance with legal requirements through due diligence process and approval of draft contracts and agreements, draft organisational and administrative documents, draft proxy notice relating to representation of the Company's interests to third parties, draft statements, letters, complaints sent on behalf of the Company to the legislative and executive authorities, courts of law, enforcement agencies as prescribed by the organisational and administrative documents of the Company</li> <li>Monitors and informs the Company's management on the adopted regulatory legal acts of the Russian Federation, which significantly affect the Company's activities, in order to minimise the risks of non-compliance with law requirements</li> </ul>
10.4	Corporate Provision Office	<ul style="list-style-type: none"> <li>Controls resolutions of the Management Board, Board of Directors and its Committees</li> <li>Makes sure the Company offers information transparency to its shareholders and potential investors</li> </ul>
10.5	Office of the Administration Department	<ul style="list-style-type: none"> <li>Provides a single documentation management system to control performance discipline in the Executive Office and branches of the Company</li> <li>Follow-up action on executive documents, instructions of the General Director, minutes of meetings, respective reports of Deputy General Directors</li> </ul>
<b>3rd line of defence</b>		
11	Internal Control Directorate	<ul style="list-style-type: none"> <li>Makes recommendations after considering the internal audit results to improve control procedures, individual internal control components (elements) and the ICS</li> <li>Carries out internal independent ICS performance evaluation and formulates recommendations on how to enhance ICS efficiency and effectiveness</li> </ul>

# APPENDIX NO. 8

## PARTICIPANTS OF THE RISK MANAGEMENT SYSTEM (HEREINAFTER — RMS) AND THEIR FUNCTIONS

Name of participant	Core functions in the RMS
Board of Directors	<ul style="list-style-type: none"> <li>Approves internal documents of the Company that set forth how the Company's RMS is arranged and functions</li> <li>Reviews reports from the Company's executive bodies concerning the organization, functioning, and performance of the RMS, evaluates its operation and draws recommendations on how to improve it</li> </ul>
Strategy Committee under the Board of Directors	<ul style="list-style-type: none"> <li>Provides preliminary consideration, analysis and development of recommendations (conclusions) on issues of control of critical and significant risk factors within the materials on the issue of performance of the business plan for the corresponding quarter, organisation, functioning, and efficiency of the risk management systems in the Company</li> </ul>
Executive bodies (Management Board, General Director)	<ul style="list-style-type: none"> <li>Specify requirements to the format and completeness of information about the Company's risks</li> <li>Define lines and plans of RMS development and improvement</li> <li>Analyse the risk portfolio and devise response and resource reallocation actions to manage certain risks</li> </ul>
Risk owners	<ul style="list-style-type: none"> <li>Are responsible for timely identification and evaluation of risks, adoption of response actions, timely development and arrangement of risk management actions, as well as regular risk monitoring</li> </ul>
Persons in charge of risk management activities	<ul style="list-style-type: none"> <li>Are responsible for timely identification and/or minimisation of risks, taking action to manage the risks in time and in full</li> </ul>
Internal Control and Risk Management Directorate	<ul style="list-style-type: none"> <li>Is in charge of general coordination of risk management procedures</li> </ul>
Internal Control Directorate	<ul style="list-style-type: none"> <li>Performs internal independent assessment of RMS efficiency and produces recommendations for enhancing efficiency and resulting quality of RMS</li> </ul>

# APPENDIX NO. 9

## INDICATORS OF GRID CONNECTION OF CONSUMERS IN DYNAMICS FOR 2020–2022

S.	Indicators	UoM	2020	2021	2022	Δ 2022/2021 (%)
<b>Grid connection (hereinafter GC)</b>						
1	GC applications (including carry-over applications, excluding generation and temporary GC)	–	32,991	47,348	46,493	–1.8
2	GC applications (including carry-over applications, excluding generation and temporary GC)	kW	1,454,646	2,019,067	2,138,895	5.9
3	GC agreements concluded (excluding generation and temporary GC)	–	26 327	38,065	35,213	–7.5
4	GC agreements concluded (excluding generation and temporary GC)	kW	631,933	881,993	917,785	4.1
5	GC agreements completed (excluding generation and temporary GC)	–	22,536	33,740	36,809	9.1
6	GC agreements completed (excluding generation and temporary GC)	kW	641,050	782,054	786,474	0.6
7	GC agreements completed (generation only)	–	2	3	21	600.0
8	GC agreements completed (generation only)	kW	7,896	4,577	3,980	–13.0
9	Existing GC agreements	–	15,759	18,465	15,952	–13.6
10	Existing GC agreements	kW	1 351 971	1,346,556	1,395,476	3.6



S.	Indicators	UoM	2020	2021	2022	Δ 2022/2021 (%)
<b>Structure of completed agreements by applicant category</b>						
11	Up to 15 kW, incl.	–	20,870	31,832	34,234	7.5
12	15 to 150 kW, incl.	–	1,298	1,591	2,272	42.8
13	150 to 670 kW	–	241	189	197	4.2
14	670 kW minimum	–	127	128	106	–17.2
15	Generation	–	2	3	21	600.0
16	Up to 15 kW, incl.	kW	254,456	414,958	445,915	7.5
17	15 to 150 kW, incl.	kW	78,318	102,652	145,857	42.1
18	150 to 670 kW	kW	67,272	46,170	44,427	–3.8
19	670 kW minimum	kW	241,005	218,275	150,275	–31.2
20	Generation	kW	7,896	4,577	3,980	–13.1
<b>Revenue from GC activities by applicant category</b>						
21	Up to 15 kW, incl.	RUB mn	58.11	151.30	305.77	102.1
22	15 to 150 kW, incl.	RUB mn	61.37	94.20	165.25	75.4
23	150 to 670 kW	RUB mn	246.20	114.08	153.26	34.3
24	670 kW minimum	RUB mn	353.82	1,979.75	638.42	–67.8
25	Generation	RUB mn	10.85	7.13	14.82	107.9
<b>Structure of completed agreements by sectors</b>						
26	Individuals	–	17,465	27,506	29,269	6.4
27	Agriculture, forestry and fisheries	–	698	925	1,146	23.9

S.	Indicators	UoM	2020	2021	2022	Δ 2022/2021 (%)
28	Industry	–	134	209	178	–14.8
29	Production and distribution of electricity, gas and water	–	96	107	111	3.7
30	Construction	–	1,350	1,911	2,947	54.2
31	Trade	–	622	660	710	7.6
32	Transport and communications	–	486	636	565	–11.2
33	Health, education, social services	–	92	102	84	–17.6
34	Miscellaneous	–	1,595	1,687	1,820	7.9
35	Individuals	kW	215,512	361,219	381,232	5.5
36	Agriculture, forestry and fisheries	kW	31,293	42,257	54,021	27.8
37	Industry	kW	29,637	23,373	17,826	–23.7
38	Production and distribution of electricity, gas and water	kW	107,864	91,942	51,802	–43.7
39	Construction	kW	138,818	133,110	155,174	16.6
40	Trade	kW	18,298	21,931	24,185	10.3
41	Transport and communications	kW	41,004	33,568	26,042	–22.4
42	Health, education, social services	kW	6,095	6,845	5,051	–26.2
43	Miscellaneous	kW	60,427	72,386	75,121	3.8
44	GC cost by revenue (excluding generation and temporary GC)	RUB/kW	1,124	2,978	1,606	–46.1
45	Deadlines for GC of up to 150 kW (agreement – notice)	days	1,343,568	3,865,271	4,789,206	23.9