

Sl. No.	Categories of material transactions	Material terms of the transaction (parties, subject, price, validity period) in the reporting year
4	Transactions with property of the Company (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	Transactions for more than five years on the transfer for temporary possession and use or temporary use of real estate, power grid facilities or the receipt for temporary possession and use or temporary use of real estate, in cases (amounts) determined by individual decisions of the Board of Directors of the Company, or if such cases (amounts) are not determined by the Board of Directors of the Company
5	Establishment of a legal entity controlled by the Company that is material to its operations	No such transactions were made



# RISK MANAGEMENT AND INTERNAL CONTROL

## FUNCTIONING OF THE RM&ICS

Rosseti Kuban JSC put in place a risk management and internal control system (hereinafter referred to as the RM&ICS), the purpose of which is to ensure the implementation and maintenance of an efficient RM&ICS that complies with generally recognised practices and standards in the field of risk management and internal control, the requirements of regulatory and supervisory authorities, and contributes to the achievement of the operational goals of the Company's financial and economic activities, as well as ensuring reasonable confidence in achieving the Company's goals and the development strategy of Rosseti Group PJSC, including ensuring reliable, high-quality, and affordable power supply to consumers.

The main documents that regulate the organisation and functioning of the RM&ICS in the Company are:

- Risk Management and Internal Control Policy approved by resolution of the Company's Board of Directors No. 521/2023 dated 16 June 2023 (Order No. 727-od dated 27 October 2023)
- Preferred Risk Appetite (Minutes of the Board of Directors No. 535/2023 dated 5 October 2023)
- RM&ICS Development Programme for 2023–2024 (Order No. 401-od dated 14 June 2023)
- Procedure for organising risk management and internal control (Order No. 699-od dated 23 September 2024)

- Risk Assessment and Monitoring Methodology (Order No. 835-od dated 4 December 2023)
- Procedure for determining preferred risk (risk appetite) (Order No. 705-od dated 19 October 2023)
- Glossary on risk management and internal control (Order No. 43-od dated 25 January 2023)
- Risk Register for 2024 (Minutes of the Management Board Meeting No. 41/2023 dated 6 December 2023)

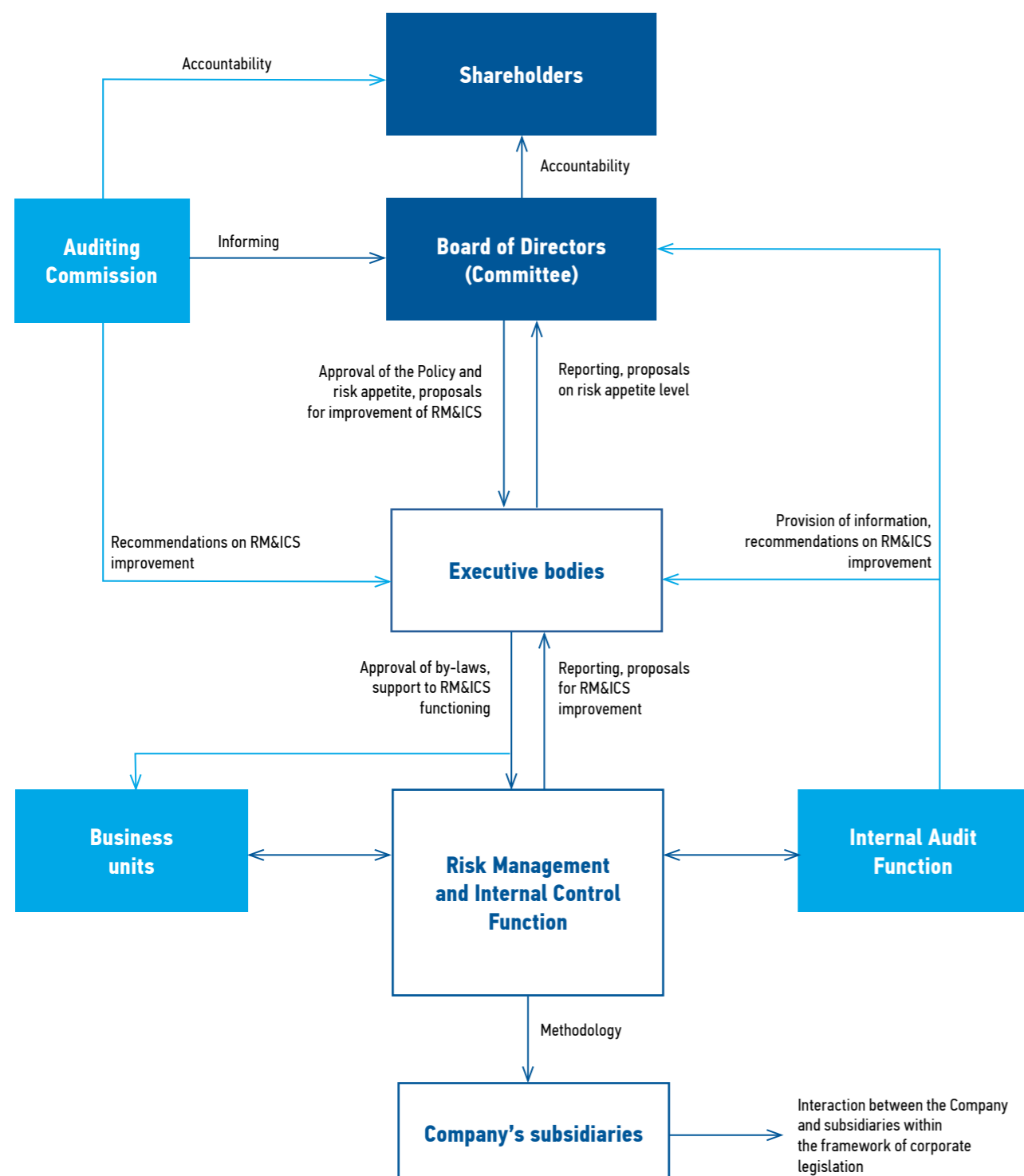
## PATTERN OF INTERACTION OF RM&ICS PARTICIPANTS

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 of RM&ICS participants (vertical interaction within the RM&ICS)



## INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT FUNCTION

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.

In accordance with the Company's risk management and internal control policy and the Regulations on the Internal Control and Risk Management Department, the following functions and tasks are assigned to the department:

- Coordination and methodological support for the RM&ICS

- Implementation of control measures on RM&ICS issues
- Prevention of corruption and management of corruption risks
- Control over counterparties' financial stability, support for liquidation and bankruptcy procedures

## INFORMATION ON THE RESULTS OF THE INTERNAL AUDIT ASSESSMENT OF THE RELIABILITY AND EFFECTIVENESS OF THE RM&ICS FOR THE REPORTING YEAR

The Internal Audit Department of the Company conducts an annual internal independent assessment of how effective and reliable the RM&ICS is.

The results of the RM&ICS reliability and efficiency assessment and recommendations designed to improve the efficiency of RM&ICS functioning are included in the internal

auditor's report submitted annually for consideration by the Company's governance bodies.

The internal audit report on the assessment of the reliability and effectiveness of the RM&ICS based on the results of 2024 was reviewed

at the meeting of the Board of Directors on 15 May 2025 (Minutes No. 595/2025 dated 15 May 2025).

Based on the average score for compliance with the target criteria at the end of 2024, the Company's RM&ICS maturity level remained unchanged from 2023 and was rated at 5.0 out of 6.