

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Code⁴⁸ interprets corporate governance as a notion embracing relationships between executive bodies of a joint-stock company, its Board of Directors, shareholders and other stakeholders. Corporate governance is a tool for identifying firm's goals and ways to achieve these goals as well as for fostering efficient oversight of firm's operations for shareholders and other stakeholders.

Core goals of corporate governance are: i) crafting of an effective system for protection and efficient disposal of shareholder's resources; ii) reduction of risks which investors are unable to evaluate and unwilling to accept and management of which by investors in the long run shall inevitably result in reduction of firm's investment prospects and share prices.

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

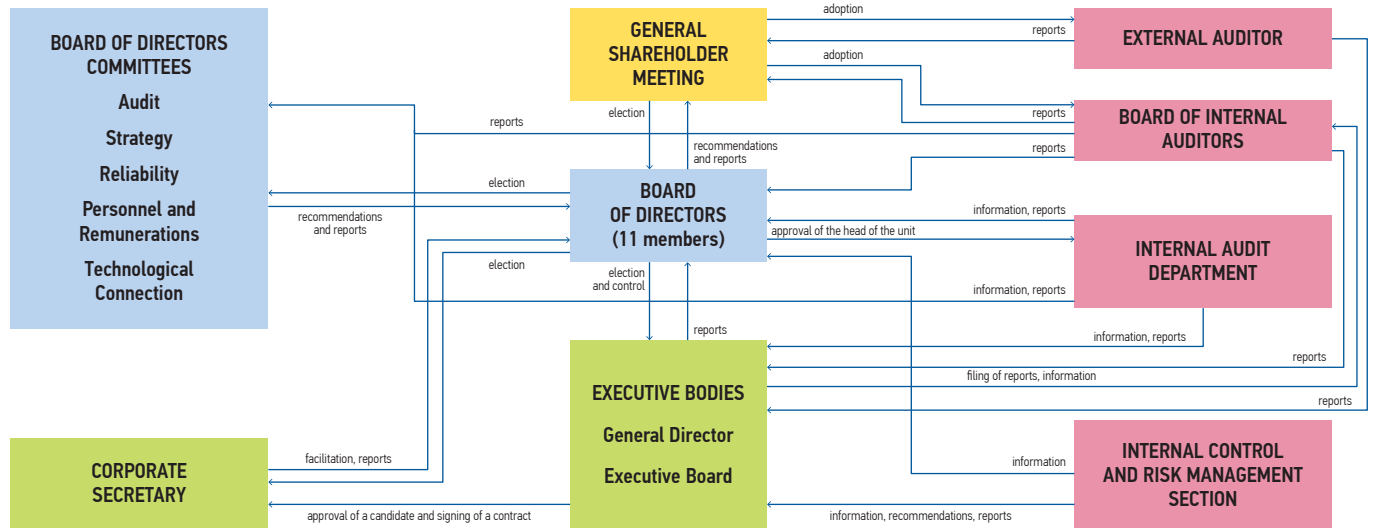
- **Accountability:** Accountability of the Company's Board of Directors to all stockholders is statutory and serves as guidance for the Board of Directors in formulating the strategy and administering executive bodies of the Company.
- **Fairness:** The Company is voluntarily committed to protecting stockholder rights and enforcing equal treatment of all stockholders. The Board of Directors provides all stockholders with an opportunity of viable defense if their rights are disregarded.
- **Transparency:** The Company enforces just-in-time disclosure of reliable information regarding all corporate events or actions, including but not limited to its financial position, performance, ownership structure and management, and oversees that any stakeholder has an unhindered access to such information.
- **Responsibility:** The Company recognizes its liability to all stockholders of the Company.

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

The corporate governance system of OAO IDGC of Urals is based on principles designed to multiply assets, enhance investment prospects and market value, maintain the Company's financial stability and profitability as well as respect the rights and interests of stockholders and stakeholders.

Please, visit our official website to examine bylaws regulating corporate governance principles, practices and procedures.

Corporate governance structure



Self-evaluation of corporate governance level

The Company conducts self-evaluation of corporate governance practices on an annual basis in compliance with the Methodology⁴⁹.

CY2020–2021 evaluation of efficiency of corporate governance in OAO IDGC of Urals*

Component	Number of criteria under evaluation	Largest possible score	Internal Audit's evaluation	Compliance, %	Evaluation of corporate governance
Shareholder rights	19	71	69	97%	Developed practices
Board of Directors**	51	185	128	69%	Good practices
Executive bodies	5	40	34	85%	Developed practices
Transparency and disclosures	15	135	111	82%	Developed practices
Risk management, internal control and internal audit	16	63	63	100%	Best practices
Corporate social responsibility, business ethics	6	31	31	100%	Best practices
Total score	112	525	436	83%	Developed practices

* Due to the spread of COVID-19 the score related to in-absentia form of meetings (Board of Directors, Committees, General Shareholder Meetings) was not downgraded.

** Pursuant to Federal Law dated 18.03.2020 No. 50-FZ and Federal Law dated 07.04.2020 No. 115-FZ, items 16, 18, 19 of the questionnaire are not taken into account in CY2020–2021 evaluation (particularly, in evaluation / maximum score of Section I).

Compliance with the principles of the Corporate Governance Code*

Aspects	Principles, recommended by the Code	Principles complied with in full	Principles complied with in part	Principles that are not complied with by the Company
Rights of stockholders and equal treatment of stockholders in the exercising of their rights	13	10	2	1
Board of Directors	36	26	9	1
Corporate Secretary	2	2	0	0
Remuneration system	10	8	2	0
Risk Management and Internal Control System	6	6	0	0
Information disclosure, information policy	7	6	1	0
Significant and important corporate actions and events	5	3	2	0
Total	79	61	16	2

* The statistical data is an aggregate from the report regarding Company's compliance with principles and recommendations of the Corporate Governance Code. In December 2021, Bank of Russia's memo dated 27.12.2021 No. IN-06-28/102 has revised the methodology of CGC compliance evaluation, therefore, there is no comparison with previous CGC compliance evaluations due to differences in evaluation criteria.

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

GENERAL MEETINGS OF STOCKHOLDERS

General Meeting of Stockholders is the supreme governing body of OAO IDGC of Urals. The exhaustive list of the General Meeting's purview is described in the Federal Joint-Stock Companies' Law and Company's Charter⁵⁰. Aspects comprising the General Meeting's purview cannot be delegated to the Board of Directors, Executive Board and General Director of the Company. The General Meeting is not entitled to examine and decide on aspects that are not affirmed as its competence by the Federal Joint-Stock Companies' Law. The Federal Joint-Stock Companies' Law, Bank of Russia's Regulations on General Meetings of Stockholders, the Charter and Regulations on

Annual General Meeting of Shareholders

Meeting date: 03.06.2021

Form: Letter ballot

Quorum: 91.1331%