

SETTLEMENT OF COMPETING INTERESTS

As the Regulations on the Board of Directors* state, once a director encountered a potential conflict of interest, incl. interest in a Company's transaction, such director shall be obliged to inform the Board of Directors on that immediately and always put interests of the Company before personal interests. The announcement shall always be made prior to the discussion of the item with a director's conflict of interest.

Besides, within two months after they have or should have come to know of circumstances by virtue of which they may be acknowledged as interested in Company's transactions, Board members shall notify the Company of:

- legal entities in which they, their spouses, parents, children, siblings and half-siblings, adoptive parents and adoptees and (or) their controlled firms, are controlling entities or entitled to instruct;
- legal entities in which governing bodies are occupied by them, their spouses, parents, children, siblings and half-siblings, adoptive parents and adoptees and (or) their controlled entities;
- implemented or future transactions, known to them, in which they may be acknowledged as interested entities.

Should this information change, the Board members shall notify the Company of the changes within 14 days since they have or should have come to know of the changes.

The Company also strives to prevent and minimize any consequences of possible conflicts of interest among its executives. The Company has a comprehensive system of dealing with conflicts of interest among executives that is aimed at preventing any potential conflicts of interest and minimizing their negative consequences to the interests of PAO Rosseti Ural.



* Visit the official web-site of the Company to read the Regulations (Section Incorporating Documents and Bylaws (Main/About us/ Incorporating Documents and Bylaws).

The Regulations on the Executive Board* state that the Executive Board members shall:

- Within 2 (Two) months after they have or should have come to know of circumstances by virtue of which they may be identified as interested in Company's transactions, the members shall notify the Company of:
 - a) legal entities in which they, their spouses, parents, children, siblings and half-siblings, adoptive parents and adoptees and (or) their controlled firms, are controlling entities or entitled to instruct;
 - b) legal entities in which governing bodies are occupied by them, their spouses, parents, children, siblings and half-siblings, adoptive parents and adoptees and (or) their controlled firms;
 - c) implemented or future transactions, known to them, in which they may be identified as interested entities.
- Should this information, already filed with the Company, change, the members shall notify the Company of the changes within 14 (Fourteen) days after they have or should have come to know of the changes.

In addition, simultaneous service of EB members on the management bodies or other paid positions in other companies shall be possible only if approved by the Board of Directors.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

The Company has the risk management and internal control system aimed at provisioning a reasonable assurance in achieving goals and strategy of the Rosseti Group's development, incl. reliable, high-quality and easy-access electricity supply as well as operational goals of financial and economic operations. The RM&ICS develops and functions using unified principles that are accepted and complied with by management bodies and employees of the Company at all management levels: consistency and complexity; goal orientation; integration into management; methodological unity; reasonable assurance; agility; responsiveness; records creation; dynamism; quality of information; prioritization; responsibility; division of powers and liabilities; cross-functional interaction; constant improvement.

The primary documents regulating the RM&ICS are the Risk Management and Internal Control Policy⁶⁴, Arrangement of Risk Management and Internal Control Procedures⁶⁵ and Determination of Risk Appetite Procedures⁶⁶.

To guarantee the RM&ICS efficiency and compliance with changing requirements and conditions, the Company's internal auditor evaluates the RMS efficiency whether it complies with the target status and maturity level. The Board of Directors has adopted the action plan to develop the RM&IC system⁶⁷.

