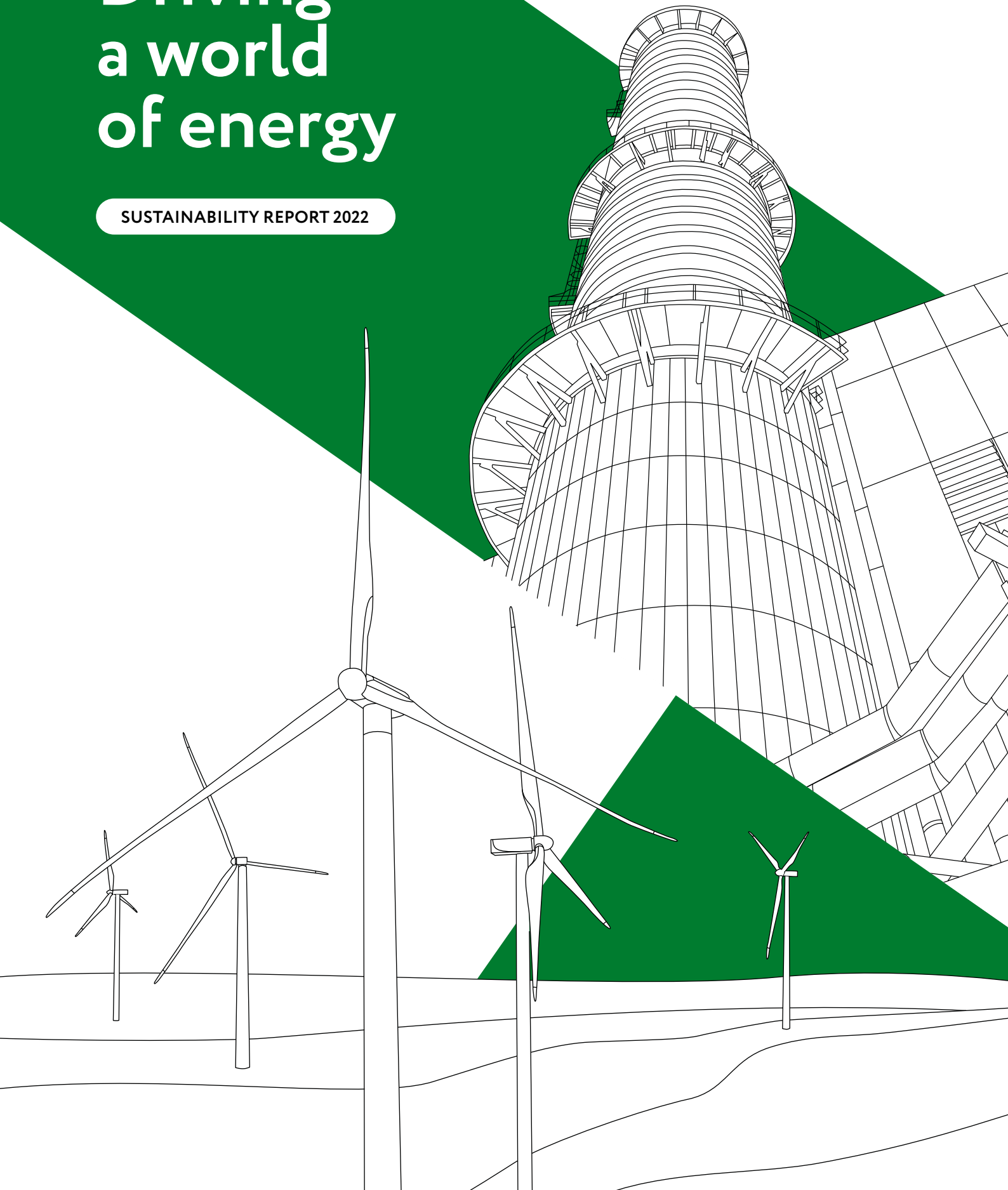
Driving a world of energy

SUSTAINABILITY REPORT 2022



Navigation guide

To facilitate the use of the Report, as well as hyperlinks, document is equipped with functions that allow you to carry out navigation.

Back to content

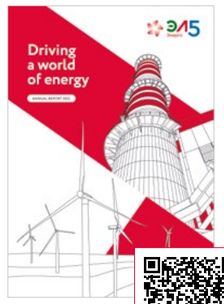
Find on site

Back/forward

Print

Content

Annual report 2022



Download

Sustainability report 2022

Download

GRI 2-22

Address to our readers

Alibek Tnalin
General Director

The most important indicator for us in 2022 – zero accidents on all Company's facilities

Dear shareholders,

We present to you our second ESG report, the release of which is becoming a good tradition for EL5-Energo PJSC. The document describes our approach on this issue, contains our main achievements in 2022 and plans for the next years.

The past year has been a period of significant changes both for our Company and for the whole world in general. However, business sustainability is one of the distinctive elements of our development, so the goals stated by the Company under the ESG agenda have not changed significantly.

The main value for EL5-Energo PJSC has always been and is the Company's staff. We make great efforts to develop and motivate employees while maintaining the balance of work and personal life. The issue of ensuring occupational safety and industrial safety at our facilities is also paramount. We are aware of our responsibility and do everything possible to fulfill our obligations and create a safe and comfortable environment for all people who work for us or as our contractors. By the end of 2022, we can proudly point out the achievement of the most important indicator for us – zero accidents on all Company's facilities. In addition, as part of the initiatives of the development of social partnership, we have concluded updated collective agreements for the next three-year period 2023–2025, their previous versions have repeatedly been recognized as one of the best in the industry and in the territories of our facilities. We were also able to increase the productivity indicator and get closer to achieving gender balance in the selection of employees and the formation of a personnel reserve.

In 2022, the Company continued to support local communities in the regions of our presence. We have not only increased the volume of social investments in comparison with the previous period, focusing on education, healthcare, support and development of mass sports, promotion of a healthy lifestyle among children and youth, but also started the implementation of infrastructure projects with the help of a new tool – a corporate social grants contest.

And, of course, we continued the development of green energy, contributing to the reduce of the Russian

economy carbon footprint. Thus, only the launch of the Kola WPP will prevent emissions of around 600,000 tons of CO_2 into the atmosphere annually. This unique facility with a total installed capacity of 201 MW, built in the harsh conditions of the Russian north, has become the largest wind farm in the world, located beyond the Arctic Circle, and a prominent example of an industrial facility work in harmony with the surrounding world.

In conclusion, once again I would like to note that these achievements are the result of the coordinated work of the entire EL5-Energo PJSC team. In 2022, PJSC LUKOIL became the majority shareholder of the Company, which is known in the market for its responsible approach to the principles of ESG development. And I am sure that the emerging synergy will be a worthy contribution to achieving new, even more large-scale and ambitious goals. By controlling the world of energy, we control our future together!

Alibek Tnalin
General Director

201
MW
total installed capacity of Kola WPP the largest wind farm in the world beyond the Arctic Circle

About the Report

The main theme of this Report – "Driving a world of energy"

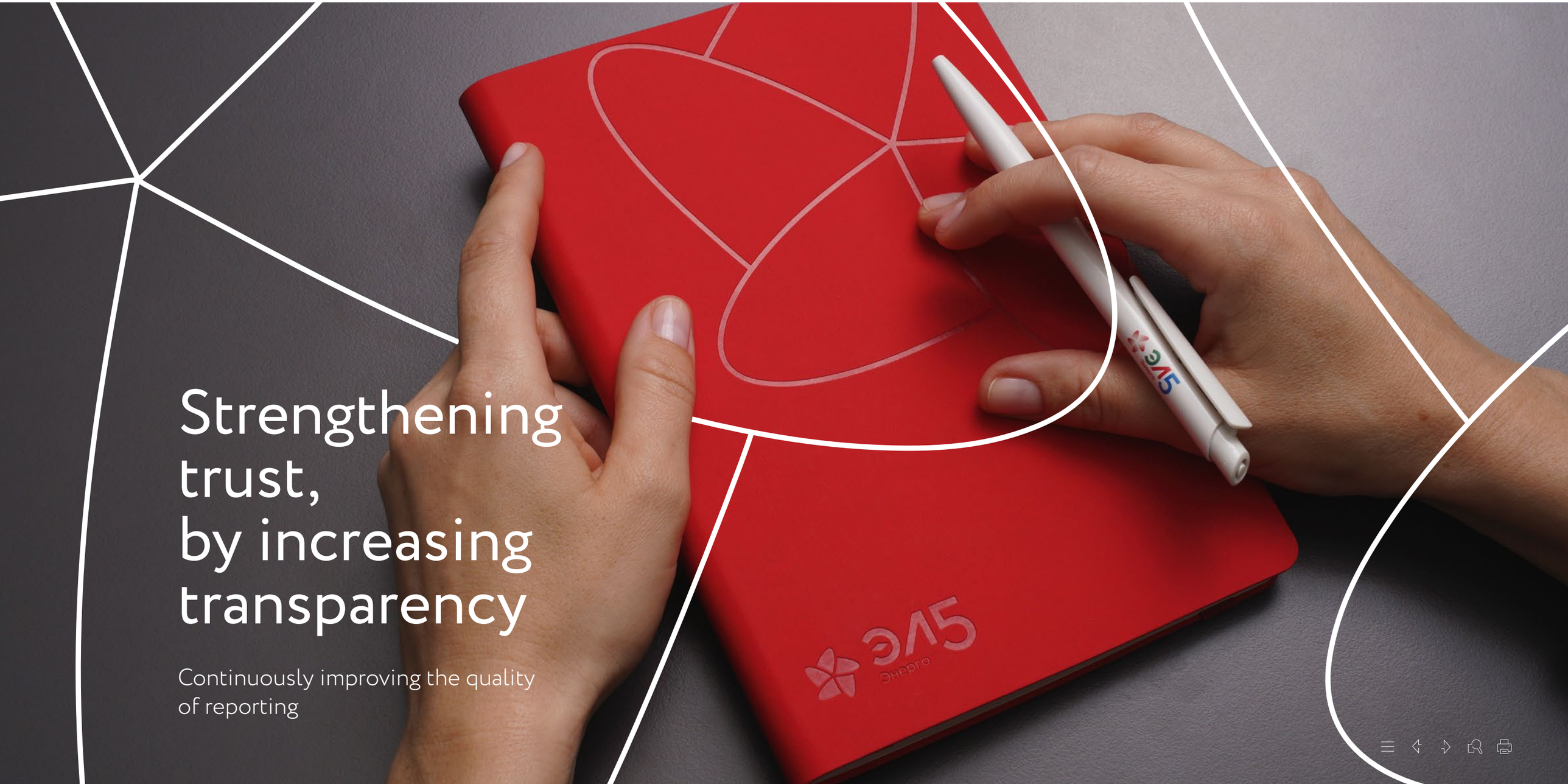
More information **p. 06**

Sustainability is a fundamental component of our development strategy and business tactics

More information **p. 06**

The health and safety of both our employees and contractors is our absolute priority

More information **p. 10**



Strengthening trust, by increasing transparency

Continuously improving the quality of reporting

GRI 2-1

GRI 2-3

Reporting principles

The Sustainability Report (hereinafter – the Report) of EL5-Energo PJSC[1] contains the approach of the Company and its subsidiaries to sustainability processes management, the key events of the Company's ESG agenda, the results of the implementation of social initiatives and environmental projects, as well as the information on corporate governance practices and risk management for the past calendar year (from January 1 to December 31, 2022).

This Sustainability Report is part of the Company's annual comprehensive system of non-financial reporting: it contains links to sections of the Company's official website, where we have placed our key management practices, to the Annual Report, Sustainability Plan 2023, ESG databook and other corporate documents related to sustainability management.

Standards and recommendations

In preparing the Report, the GRI Standards were considered as the main standards. In addition, SASB and TCFD were partially integrated into the Report. Indicator numbers and types are displayed directly in the body of the Report and are accompanied by additional comments where necessary.

In addition, this Sustainability Report contains a reference to the organization's non-financial performance and results in 2022 in relation to the UN Sustainable Development Goals (UN SDGs).

The Report contains a number of corrections to historical data, disclaimers are included in the text.

The report is prepared in accordance with the following documents and standards:

- GRI (Global Reporting Initiative) Standards, "GRI Universal Standards 2021";
- SASB (Sustainability Accounting Standards Board): SASB Electric Utilities & Power Generators and SASB Wind Technology & Project Developers;
- Recommendations of TCFD (The Task Force on Climate-related Financial Disclosures) (partial disclosure);
- Bank of Russia Information Letter No. IN-06-28/49, dated 12 July 2021, "Recommendations for a Public Joint-stock Company to Disclose Non-financial Information Related to Its Operations";
- Regulation on Information Policy of EL5-Energo PJSC.

Report concept

Sustainability is a fundamental component of our development strategy and business tactics. Despite the dynamically changing external and internal context throughout 2022 (withdrawal of foreign partners, regulatory and corporate changes), the Company remained committed to its sustainable principles and approaches, continuing to embed the ESG agenda in business processes and management practices. The Company, following the results of the Extraordinary General Shareholders' Meeting held on November 25, 2022, decided to change its corporate name, becoming EL5-Energo Public Joint Stock Company.

The main theme of this Report – "Driving a world of energy" – is consonant with the new slogan of our Company, revealing the agility of processes, setting the vector for our transformation, highlighting additional incentives for renewal that arise within the Company, revision and adaptation of plans and approaches used in our activities in connection with changes in the external context and organizational structure.

The Company has prepared this Report in accordance with its vision and approach to the further development of sustainable practices.

1 The decision to rename Enel Russia PJSC to EL5-Energo PJSC and to approve the new version of the Charter was taken by the Extraordinary General Shareholders' Meeting of Enel Russia PJSC on November 25, 2022.

Report boundaries

GRI 3-1

GRI 2-2

The Report covers the activities of EL5-Energo PJSC, including the following subsidiaries related to the power generation perimeter: Azov WPS LLC and Kola WPS LLC. As Kola WPP was partially put into commercial operation only from December 1, 2022, all quantitative indicators for Kola WPP are related to one month period of 2022. Data on Reftinskaya GRES is stored only in the ESG databook historical indicators related to the period of the Company's ownership of this asset. Consolidated information in the text of the report does not include data on Reftinskaya GRES, unless explicitly stated otherwise in the comments.

In the general context, the terms "EL5-energo PJSC", "Company", "group of Company" means PJSC "EL5-Energo" ad the above subsidiaries, unless an additional comment are left out.

Financial data is presented in the Report in accordance with IFRS statements for 2022.

For quantitative data over five years, see the **ESG databook**

GRI 3-1

GRI 3-2

GRI 3-3

Material topics

For more details on the results of interaction with stakeholders, see the **"Stakeholder engagement"** section

Sustainability plan

For more details on the Sustainability Plan updates, see the **"Sustainability management"** section; for the Sustainability Plan, see the Company's **website**

In 2022, we conducted a procedure of definition of material topics according to an updated methodology, taking into account the non-financial reporting standards "GRI Universal Standards 2021" and stakeholder engagement as per AA1000 SES. The procedure includes stakeholders' engagement, assessment of the impact of material topics on stakeholders and determining the level of stakeholder satisfaction with the Company's material topic management practices.

The material topics definition process helps us to identify stakeholders' needs and expectations, align them with the Company's priorities and business strategy, check their alignment, and areas for improvement.

Our list of material topics is the result of a thorough analysis that not only involves a wide range of stakeholders, but also takes into account various activities of the Company.

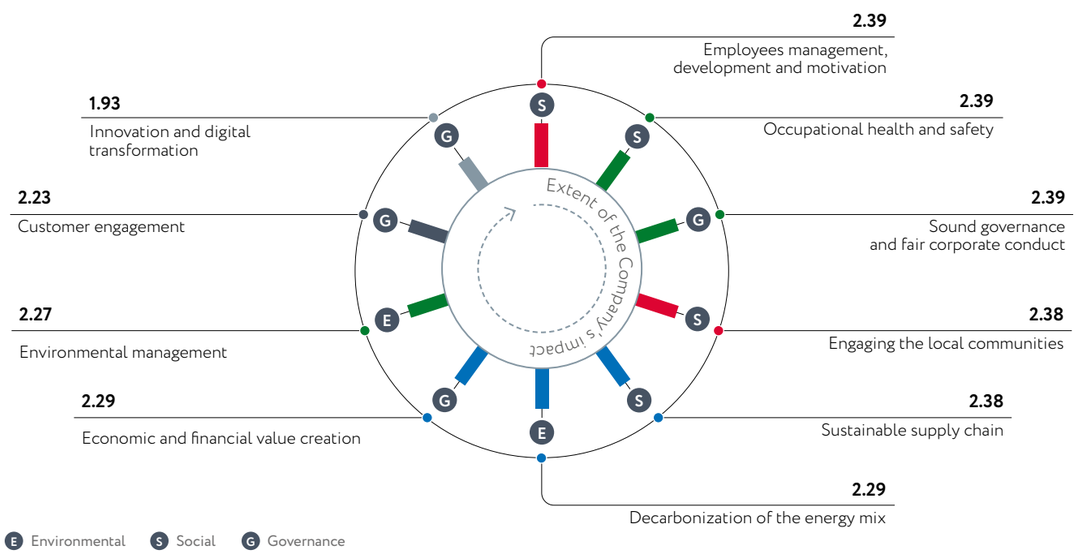
Thus, our stakeholders evaluated the topics within the context of the two generation types – thermal and wind. A total of 71 stakeholders took part in this process.

In 2022, we also additionally analyzed the media space of the Company by introducing (both in-company and external) media activity indicator into the calculations. The coefficient reflects the number of publications and the number of views on each of the topics.

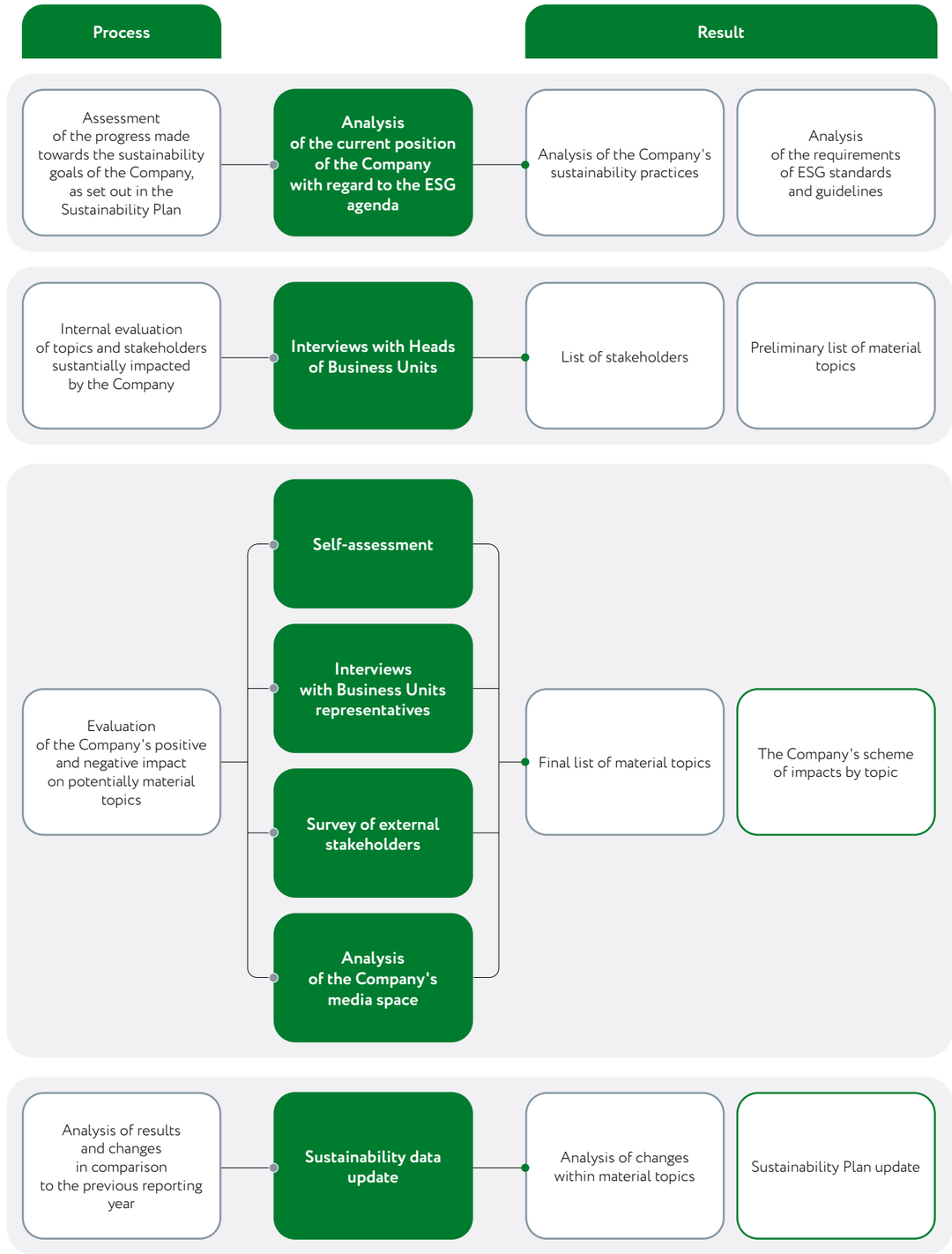
In the current Report, the list of material topics is presented in the format of a scheme of Company's impacts, where the topics subject to the most substantial impact of the Company are located in the center, and further, as the distance from the center grows and the degree of impact decreases.

The results of this work are reflected in the annual update of the Sustainability Plan.

Scheme of impacts



Material topics definition and prioritization process



GRI 2-4

GRI 3-2

Changes in material topics

In the reporting year, the material topic "Products and services for electrification and digitalization" was excluded from the list as a separate material topic, since in terms of digitalization it was included into the topic "Innovation and digital transformation". In turn, the material topic "Innovation, circular economy and digital transformation" was also transformed, the aspects of which related to the circular economy moved to the topic "Environmental management". The rest of the material topics have retained their names and semantic boundaries (each material topic has a set of subtopics of the second and third levels that provide details for the scope of its impact).

The importance of the "Occupational health and safety" topic continues to maintain its leading position, since it is a priority for any high-risk industrial facility. Customer engagement issues remain a low priority as we do not directly distribute electricity to end consumers and, therefore, can only indirectly influence this aspect.

The importance of the topic "Employees management, development and motivation" has increased, reflecting the current buoyancy of the labor market and the growing importance of motivating and retaining personnel. The topic "Economic and financial value creation" also demonstrates an increase in materiality due to changes in the Company's organizational and corporate structure.

Another trend that was identified during the materiality assessment process is related to a decrease in the materiality of topics related to local communities' engagement and sound governance.

On the one hand, this may be due to the achievement of a high level of management of these material topics, but on the other hand, it can be the result of insufficient attention to them from the Company, so we plan to focus our additional efforts on these topics in 2023.

Scope and limitations of material topics

	Material topic	Scope and limits	Impact type	GRI Standards	Report section	Key Performance Indicators	SDG
Value creation	ENVIRONMENTAL MANAGEMENT (E)	We regularly measure our impact on the environment, improve the mechanisms and accuracy of measuring this impact, manage it and strive to continuously improve our results. It is important for us to preserve the wealth of nature, use its resources rationally and give back to nature what we take from it.	↗	GRI 3, 301, 303–307	Climate and environment protection	Reduction of specific fuel consumption Reduction of specific water consumption for production needs Share of recovered and neutralized waste Circular economy	6, 12, 13
Value creation	OCCUPATIONAL HEALTH AND SAFETY (S)	The health and safety of both our employees and contractors is our absolute priority. We do not discriminate, and we seek to provide a safe environment for all people who work for or with us.	↗	GRI 3, 403	Health and safety	Lost Time Injury Frequency Rate (LTIFR) Spreading the safety culture and involvement of Company and contractor employees in health and safety issues Inspecting contractors' compliance with corporate health and safety standards	8
Value creation	SOUND GOVERNANCE AND FAIR CORPORATE CONDUCT (G)	We recognize the importance of conducting business with integrity and making transparent, consistent and fair decisions when running a Company. This requires not only setting and maintaining high ethical standards and complying with the law, but also providing high quality and timely disclosure of information about the Company's operations.	↗	GRI 2, 3, 205, 207, 415	Respect for human rights Efficient governance	Human rights Development of an integrated management system Corporate governance Compliance with the Corporate Governance Code	8, 10, 17
People centricity	EMPLOYEES MANAGEMENT, DEVELOPMENT AND MOTIVATION (S)	We value our employees and strive to provide them with a pleasant working environment and fair wages. Every year we help our employees to acquire new skills and knowledge. It is very important to us to create a friendly and cooperative atmosphere in our team and to give our employees the confidence that all people are important and valuable, regardless of their characteristics and beliefs.	↗	GRI 2, 3, 202, 401, 402, 404, 405, 406, 408, 409, 410	People we work with	Employee retention and experience Leadership and succession	4, 8
People centricity	ENGAGING THE LOCAL COMMUNITIES (S)	We have a responsibility not only to our employees, but also to the people in the regions where our power plants are located and to those affected by our operations, which is why we believe it is important to support and develop cities by improving the quality of life for local communities.	↗	GRI 2, 3, 203, 411, 413	Our work with local communities	Supporting local communities with contribution to the SDGs Launch a renewed program of employee involvement in corporate volunteering projects Increase the involvement of local social partners in social grant competition Increase employee participation in community support and development program	4, 8, 11, 13

ESG backbones

Growth drivers

Material topic	Scope and limits	Impact type	GRI Standards	Report section	Key Performance Indicators	SDG
ECONOMIC AND FINANCIAL VALUE CREATION G	We grow our business and strive to improve our financial performance for the benefit of investors, shareholders and other stakeholders by creating opportunities for economic growth in the regions where we operate.	↗	GRI 3, 201	**Key sustainability results**	EBITDA Net profit from operation activities	8
DECARBONIZATION OF THE ENERGY MIX E	We recognize that the current situation requires us all to take urgent action to combat climate change. We recognize the risks associated with the climate crisis and the need for business to change. To this end, we have begun to develop the clean energy business and to upgrade our gas-fired power plants to make them more environmentally friendly. We also recognize the additional responsibility of an energy company to promote access and decarbonization in other industries.	↗	GRI 3, 302, 305	**Participation of the Company in the climate agenda**	Renewable capacity installed CO_2 emissions intensity Climate strategy and climate risks	7, 13
SUSTAINABLE SUPPLY CHAIN S	Our procurement procedures and contractual relationships are based on transparency, accountability and collaboration. We are open to collaboration and willing to develop our suppliers by introducing them to sustainable practices.	↗	GRI 2, 3, 204, 308	**Sustainable supply chain development**	Annual value of purchases from SMEs, including subcontracted SMEs Percentage volume of direct contracts with SMEs Use of sustainability criteria in qualification	8, 12
INNOVATION AND DIGITAL TRANSFORMATION G	We implement new technologies that improve the efficiency of our business, optimize processes and introduce new solutions that are safe for the environment and people.	↗	GRI 3	**Innovation, digitalization and information security** **Responsible attitude to the environment**	Dissemination of digital skills to employees	12
CUSTOMER ENGAGEMENT G	Even though we do not sell electricity and heat directly to consumers, but rather work on the wholesale market, we still have customers and end consumers. We are committed to ensuring the quality of our services. In the reporting period, we also have a new customer segment – buyers of our green certificates and counterparties in free bilateral contracts for sales of green power generated by our wind farms.	⇄	GRI 3	**Customer focus**		

Impact type

↗ Direct impact

⇄ Indirect impact

GRI 2-3

Contacts and feedback

Survey for the Sustainability Report readers

We are happy to answer any further questions about this Report, and we welcome feedback on how to develop and improve the content of future reports.

The main goal of the Sustainability Report is to provide stakeholders with relevant, timely, balanced and reliable information on the Company's performance and achievements in the field of sustainable development, as well as its priorities and objectives for further development.

Building trust and maintaining the level of stakeholder engagement is of utmost importance to us and we are committed to establishing and maintaining an ongoing constructive dialogue with our stakeholders.

To support the process of improving our approach to the management and disclosure of non-financial indicators, we provide all stakeholders with the opportunity to complete a special survey, which will enable us to increase the level of availability and openness of data for end use in future reporting periods.

Contacts

Business unit	Contact persons
Corporate Governance	Oxana Ryabchinskaya **Oxana.Ryabchinskaya@EL5-energo.ru**
Investor Relations	Ilya Kalinin **Ilya.Kalinin@EL5-energo.ru**
Sustainability	Maria Shipitsyna Ekaterina Glukhova Natalia Timoshkova **Sustainability.Russia@EL5-energo.ru**
Media Office	Maria Svetlichnaya Aleksey Stroev Elena Ivashevskaya **Media@EL5-energo.ru**

About the Company

5.9
GW
group's total electrical installed capacity

More information **p. 20**

1,927
Gcal/h
group's heat installed capacity

More information **p. 20**

717.67
RUB mln
investment in sustainability initiatives

More information **p. 27**

Discovering the world of energy and new technologies

Addressing the toughest challenges of today's world

GRI 2-1

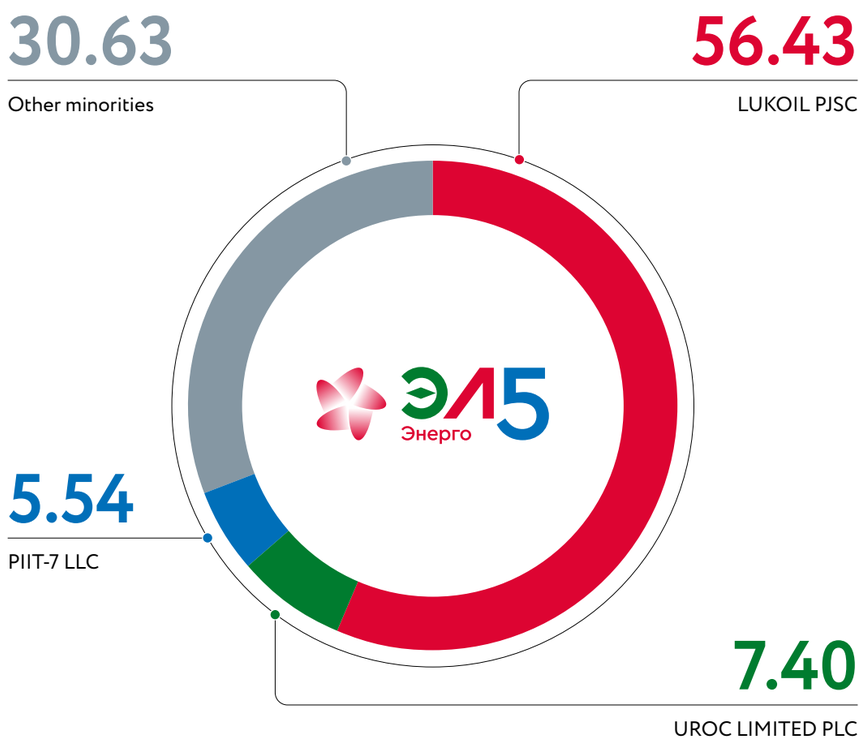
EL5-Energo Public Joint Stock Company (hereinafter referred to as EL5-Energo PJSC) is a large Russian power generation Company. We produce and supply electricity and heat to industrial enterprises and domestic consumers in the regions where our power plants and subsidiaries are located. The power plants of EL5-Energo PJSC are three thermal power plants – Konakovskaya GRES, Nevinnomysskaya GRES, and Sredneuralskaya GRES, and two wind power plants – Azov WPP and Kola WPP.

The Company is registered in Ekaterinburg, where it has a small operational office. The Headquarters of the Company is located in Moscow.

The structure of the Company's share capital is as follows: LUKOIL PJSC is the controlling shareholder as of December 5, 2022 (previously Enel S.p.A. was the controlling shareholder). The remaining shares are distributed among UROC LIMITED PLC, PIIT-7 LLC and other legal entities and individuals.

For a brief history of the Company, see the **Annual report**

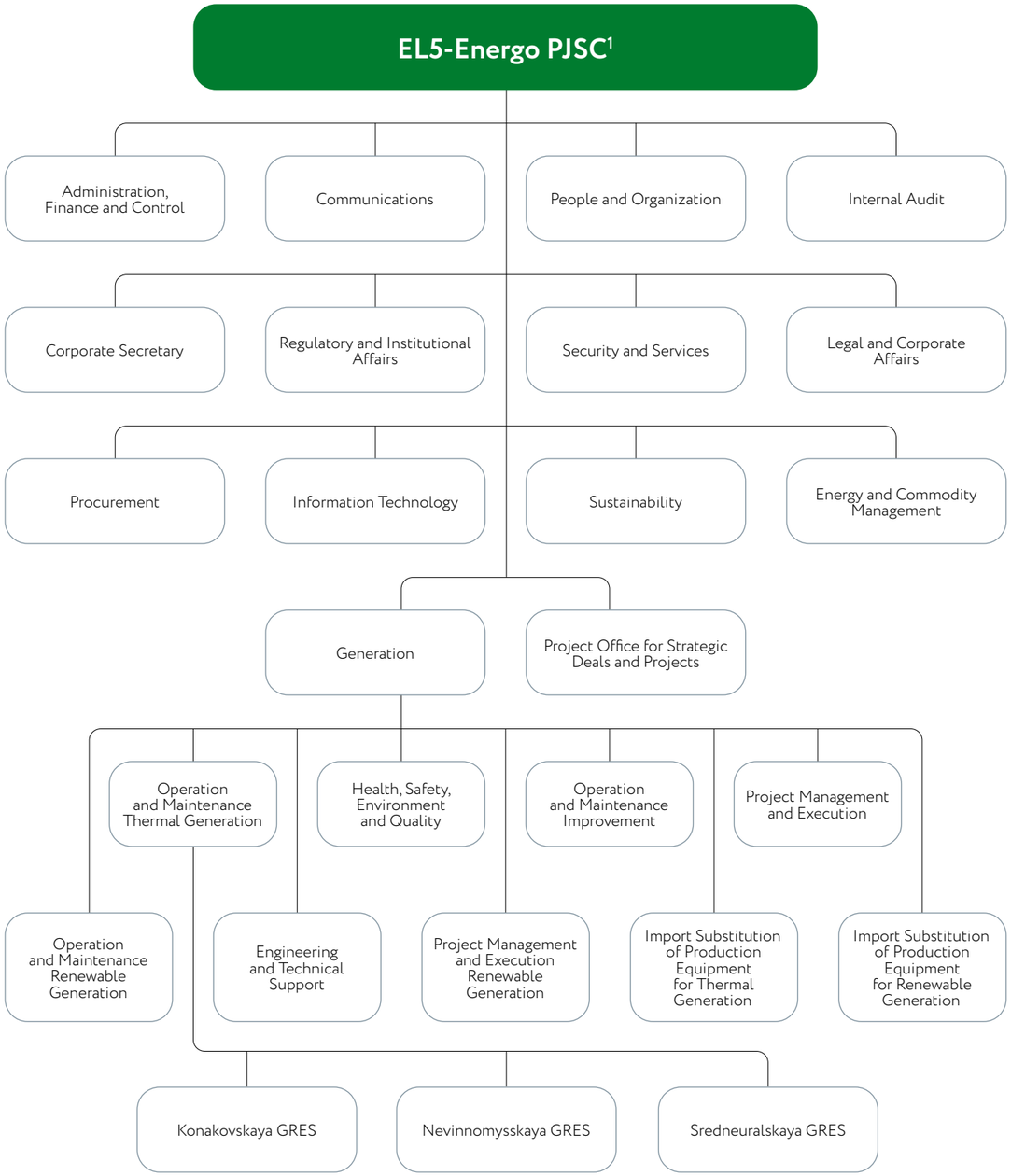
Structure of the share capital of EL5-Energo PJSC as of December 31, 2022[1], %



1 In April 2023, the share of LUKOIL PJSC increased to 56.44%.

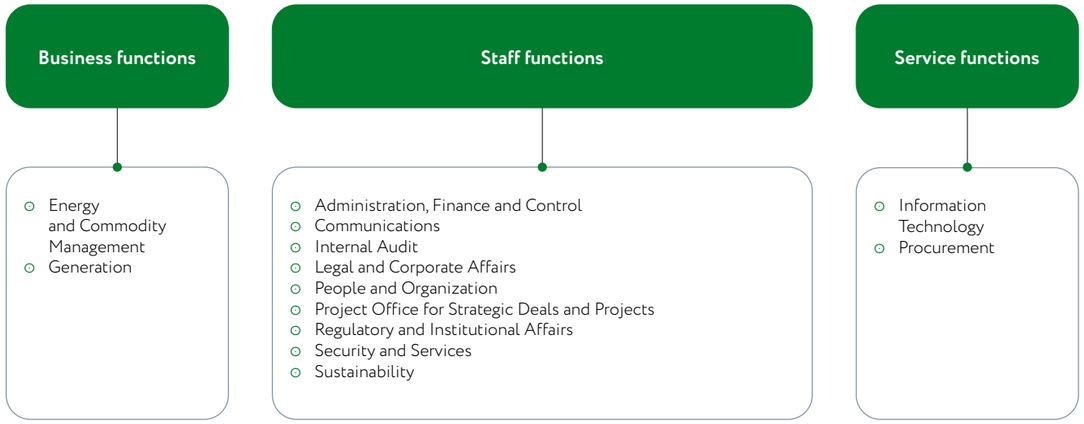
GRI 2-2

EL5-Energo PJSC organizational structure



1 The chart as of December 31, 2022.

In order to achieve the business goals and objectives set for the Company, including the transparency of the management model, the organizational structure of the Company is formed according to functional areas, distinguished by three types of activities.



These functional areas are related to the General Director's first line and report directly to him.

The Corporate secretary and the Internal Audit report administratively to the General Director, and functionally – to the Board of Directors of the Company.

The functional areas that ensure the safety, efficiency and continuity of the production process are related to the first reporting line to the Deputy General Director – Head of Generation. These functional areas include:

- Operation and Maintenance (thermal and renewable generation);
- Health, Safety, Environment and Quality;
- Operation and Maintenance Improvement;
- Project Management and Execution (thermal and renewable generation);
- Engineering and Technical Support;
- Import Substitution of Production Equipment (thermal and renewable generation).

The first reporting line to the Head of Operations and Maintenance Thermal Generation includes, among other things, the power plants:

- Konakovskaya GRES;
- Nevinnomysskaya GRES;
- Sredneuralskaya GRES.

Due to the Company's needs appeared in 2022 new business units were created: Operation and Maintenance Renewable Generation, Project Management and Execution Renewable Generation, Import Substitution of Production Equipment for Thermal Generation, and Import Substitution of Production Equipment for Renewable Generation.

Within the framework of its core activities and competencies, each of the units contributes to the development of the business agenda, decision-making and the implementation of programs on economic, environmental, and social issues.

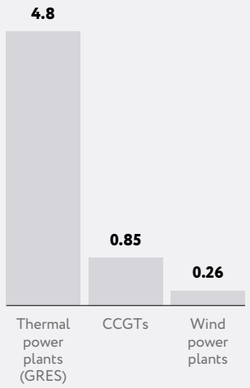
Within the framework of its core activities and competencies, each of the units contributes the development, decision-making and the implementation of sustainability agenda

Geography of assets and group structure

5.9
GW
group's total electrical installed capacity in 2022

1,927
Gcal/h
group's heat installed capacity in 2022

Electrical installed capacity of the group as of 2022, GW



Price zones,
% of total consumption

76% First price zone

20% Second price zone

4% Non-price zone

Isolated zones

1 Konakovskaya GRES

2,520 MW
installed capacity

Tver region, Konakovo

2 Nevinnomysskaya GRES

1,551.4 MW
installed capacity

Stavrapol Territorry, Nevinnomyssk

3 Sredneuralskaya GRES

1,578.5 MW
installed capacity

Sverdlovsk Region, Sredneuralsk

Headquarters

Moscow

BRANCHES

PJSC "EL5-Energo"

Sverdlovsk region, Ekaterinburg

4 Azov WPP

90.1 MW
installed capacity

LLC Azov WPS
100%

Rostov region, Azov district

5 Kola WPP

170.4 MW
installed capacity[1]

LLC Kola WPS
100%

Murmansk region, Kolsky district

THE CONTROLLED ENTITIES OF SIGNIFICANT IMPORTANCE TO THE COMPANY

LLC Stavropol WPS
100%
Stavropol Territory, Kochubeyevskoe

LLC EL5 Finance
100%
Tver region, Konakovo

JSC Teploprogress
60%
Sverdlovsk Region, Sredneuralsk

OTHER SUBSIDIARIES

1 Installed capacity the first stage on December 31, 2022.

Key events and results 2022

Key events

First quarter

January 12, 2022
Nevinnomysskaya GRES completed the modernization of boiler No. 5. The project was selected in June 2019 by the decision of the Government Commission for the Development of the Electric Power Industry among thermal generation modernization projects based on the results of the first competitive selection for 2022–2024.

February 3, 2022
Publication of performance indicators for 2021.

March 16, 2022
Publication of financial results for 2021 and financial projections for 2022.

Second quarter

April 29, 2022
The Board of Directors of the Company decided to elect Zhanna Igorevna Sedova as the General Director from May 1, 2022.

May 1, 2022
One year has passed since the launch into commercial operation of the Azov WPP. During this time, the wind farm generated 266 mln kWh of electricity, which allowed avoiding emissions of 216 ths tons of carbon dioxide into the atmosphere.

216
ths tons CO_2
emissions prevented in the 1st year of Azov WPP operation

May 20–27, 2022
As part of the "Water Safety" campaign, Health and Safety specialists from Sredneuralskaya, Konakovskaya and Nevinnomysskaya GRES conducted a series of open lessons on water safety for more than 2 ths schoolchildren.

June 7, 2022
The Company held an annual General Meeting of Shareholders in absentia.

>2
ths schoolchildren
participated in an open lessons on water safety conducted by the Company's specialists

Third quarter

September 16, 2022
Konakovskaya GRES held an event dedicated to the completion of the remediation of the sludge pond – one of the largest environmental projects implemented at the power plant.

September 18, 2022
The low-pressure rotor of the legendary K-160 steam turbine, dismantled from the CCGT-170 of Nevinnomysskaya GRES, was transferred as an art object to the Nevinnomyssk Energy College as part of the celebration of the City Day.

Fourth quarter

October 7, 2022
Konakovskaya GRES specialists completed the scheduled maintenance of the power unit No. 3 with an installed capacity of 325 MW.

October 12, 2022
The sale of a 56.43% stake in Enel Russia PJSC held by Italian energy company Enel S.p.A. was completed. LUKOIL PJSC and Gazprombank-Fresia Mutual Investment Fund became the new owners of the shares.

November 9, 2022
The Company obtained a Certificate of Readiness to work in the 2022–2023 heating season.

November 25, 2022
The Extraordinary General Shareholders' Meeting decided to elect a new composition of the Board of Directors, as well as to approve the Company's Charter in a new edition, which implies changing the Company's name from Enel Russia PJSC to EL5-Energo PJSC.

December 1, 2022
The Company received a permission to put into commercial operation the first stage with a capacity of 170 MW (84 % of the design capacity) of Kola WPP (design capacity 201 MW), the largest wind farm in the world beyond the Arctic Circle.

84%
of the design capacity was the first stage of Kola WPP

December 5, 2022
LUKOIL PJSC becomes the controlling entity of the Company.

December 9, 2022
The Board of Directors of the Company decided to elect Alibek Aibekovich Tnalin for the position of General Director.

December 26, 2022
The Company has concluded an agreement on the supply of green electricity generated by a wind farm to NOVATEK PJSC.

For more details on key events of 2022, see the **Annual report**

Key sustainability results

For key financial and operational results of 2022, see the **Annual report**

Environmental aspects

439.28
grams CO_2-eq/kW
CO_2 intensity

22.02
ths tones
emissions of hazardous pollutants

45%
share of consumption and production waste recovery

3%
reduction on specific water consumption

2.07
GJ/GJ
energy intensity

170,547
GJ
reduction of energy consumption as a result of energy saving initiatives

Corporate governance and partnerships for sustainable development

Establishing a special **Strategy and ESG Committee** under the Board of Directors

27%[1,2] **36%**[3]
share of women on the Board of Directors

100%
suppliers were qualified using sustainability criteria

99.3%
share of Russian suppliers

0
cases
of non-compliance with the Company's Code of Ethics

Social aspects

1,461
persons
employee headcount

75.5
man/hours
training hours average

0
LTIFR index

8.6%
employee turnover

1.9–5.8
ratio of the employees' salary to the region average

123,395
persons
number of beneficiaries

Financial and operational results

20.5
TWh
net electricity output, including **0.3 TWh** output with RES

23.2
TWh
electricity sales

63.4
GW
capacity sales

4.1
mln Gcal
heat sales

3.3
RUB bln
net income from core activities

717.67
RUB mln
investment in sustainability initiatives

1 Board of Directors elected on June 8, 2021.
2 Board of Directors elected on June 7, 2022.
3 Board of Directors elected on November 25, 2022.

Business model

When developing the business model, we took into account the recommendations of the International Standard <OI> (International standard for Integrated Reporting)

Outside the Company's influence

Our capital

Industrial

- Thermal power plants (including at the modernization stage)
- Wind power plants (including under construction)
- Wide supply chain (rating and qualification of suppliers)

Resource

- Gas
- Wind power
- Fuel oil (as a back-up fuel)
- Water

Finance

- Debt financing (loans, bonds)
- Own funds (shares)

Human

- High qualified thechnician
- Competent and experienced management
- Continuous training and development of the employees

Social and Reputational

Reputation:
- of a reliable partner for the state and business
- of a responsible partner for the local community

Intelligent

- Advanced technical knowledge base
- Access to LUKOIL group expertise
- An active attitude to promote sustainability
- Development of an innovative approach and digitalization

Our business activities

Power production

Thermal generation

21,350
GWh

98.6%

Renewable generation

311
GWh

1.4%

Heat output

4,056
ths Gcal

System services

Electricity and capacity sales

Wholesale power market
- Day ahead market
- Balancing market
- Regulated contracts

Capacity market
- Competitive capacity auction
- Long-term RES contracts
- Regulated contracts

Green energy sales

Free bilateral contracts

Heat sales

Regulated tariffs

Primary frequency control

Frequency regulation services

Network companies

Electricity supply companies

Large industrial consumers

Heat supply companies

System operator

END CONSUMERS OF ELECTRICITY AND HEAT

Our created value

Industrial

- Stable supply of power, capacity and heat
- Investments in renewable energy sources and modernization
- Energy efficiency and reliability of supplies
- Localization of components production for renewable generation
- Modernization of equipment, application of innovative technologies during maintenance

Resource

- Reduction of specific fuel consumption
- Responsible use of resources and waste recycling
- Reducing the carbon footprint

Finance

- Stable financial results
- Rewarding of the shareholders
- Payment of taxes

Human

- Responsible employer
- Competitive compensation package
- Development and training programs

Social and Reputational

- Social investment and local community development
- Good corporate governance

Intelligent

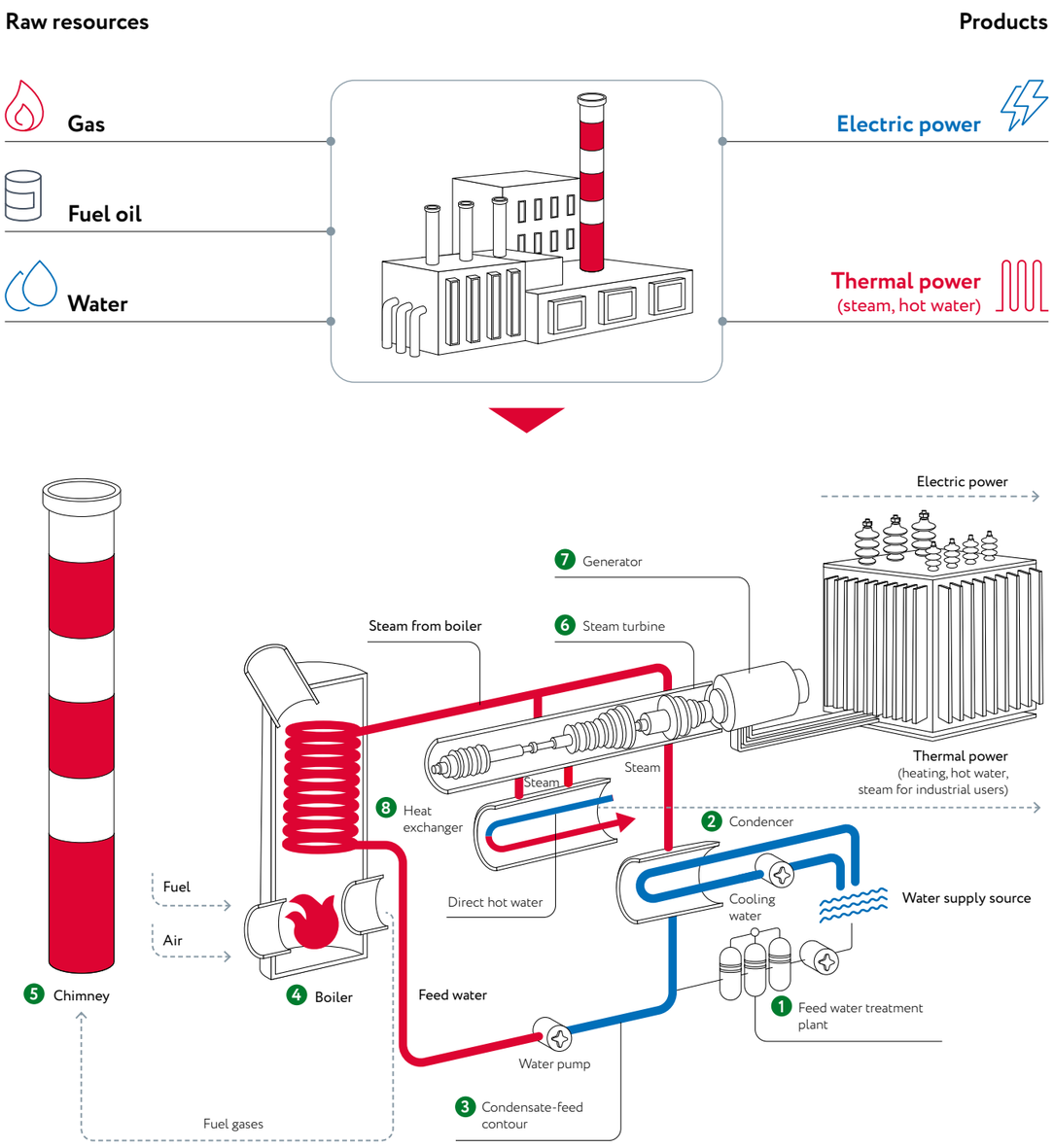
- Cooperation with innovative startups
- Partnership with research institutes
- Distribution of knowledge about sustainability

GRI 2-6

Our profile – energy

Thermal generation

Thermal generation scheme



Thermal power plant is a power plant that converts the chemical energy of fuel (by combustion) into electrical energy or electrical energy and heat (in the case of our power plants, the main fuel is natural gas, the reserve fuel is fuel oil). The generated energy is used to supply industrial and domestic consumers with electricity, steam, hot water, and heat during the heating season.

This happens as follows: water taken from an external water source through a pipeline system enters the **feed water treatment plant** 1 located in the chemical shop of the power plant. There, water is cleaned from mechanical impurities and goes to the groups of filters. Some of the filters are responsible for the preparation of demineralized water necessary for the operation of power units and generation of power, while the other is responsible for purifying water to feed the district heating network and produce hot water. The water cycle of power units, as well as the district heating cycle (supply of heat for heating systems of consumers), is closed, that is, water is reused in it an unlimited number of times, replenished with the required amount if necessary.

The demineralized water is mixed with the main condensate after the **condenser** 2 and transfer pumps send it through the **condensate-feed contour** 3, which includes a number of low-pressure heaters, a deaerator (a device designed to remove oxygen and carbon dioxide that cause metal corrosion), high pressure heaters.

In the **boiler** 4, the feed water is heated to the state of superheated (live) steam with a temperature exceeding 500 °C. To do this, fuel is burned in the boiler furnace, being mixed with preheated air before supply. As a result, the feed water, heated in the heating surfaces of the boiler by the products of fuel combustion, turns into the superheated steam, and the resulting flue gases are discharged into the **chimney** 5 and dissipated into the atmosphere at an altitude of 60 to 250 m.

Then the steam from the boiler enters the **steam turbine** 6 connected to the rotor of the generator. At this stage, the thermal energy of the steam flow is converted into mechanical energy of rotation of the steam turbine rotor, driving the rotor of the **generator** 7, which converts mechanical energy into electrical energy due to the rotation of the magnetized rotor winding in the generator stator winding. As a result of this physical process, we receive an alternating electric current, which is then transferred to the unified energy system of Russia.

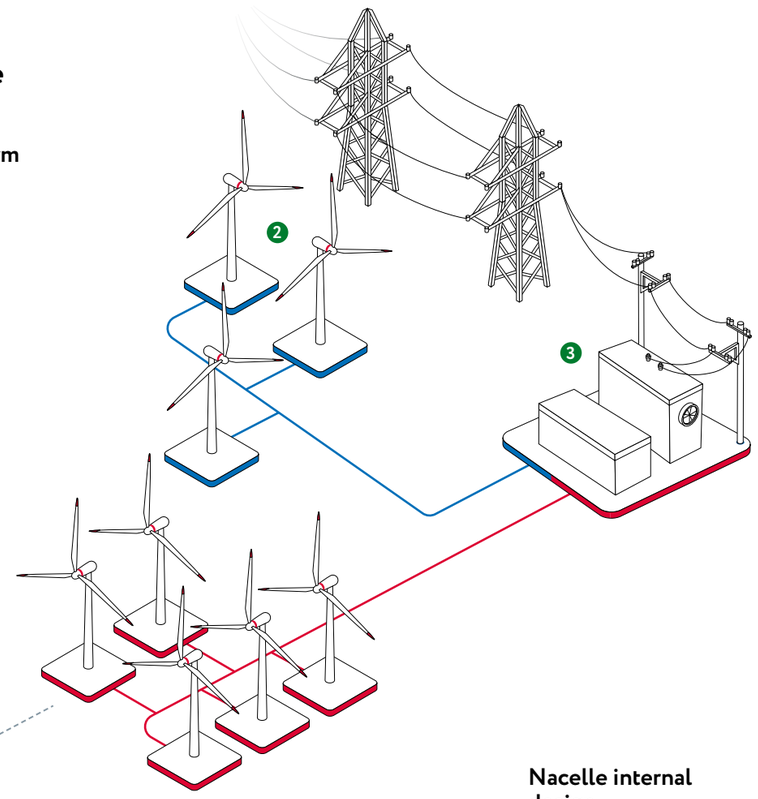
The steam exhausted in the turbine is sent to the **condenser** 2, where it is cooled by heat exchange with cooling water coming from an external water source and turns into condensate, which is sent back to the production cycle.

Our thermal power plants produce not only electrical energy, but also heat. To heat water intended for hot water supply and heating purposes, a part of the steam from the turbine is used, which is supplied to the **heat exchangers** 8 through special bleeds. Also, steam from extractions of a certain pressure and temperature can be sent to the technological cycle of an industrial enterprise located in close proximity to the power plant.

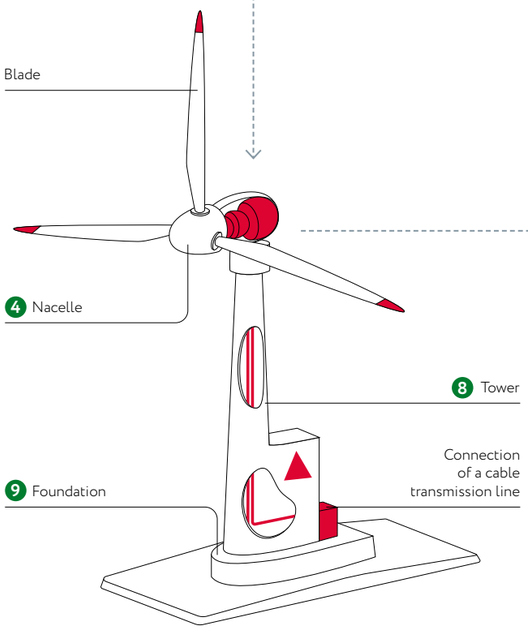
Wind generation

Wind generation scheme

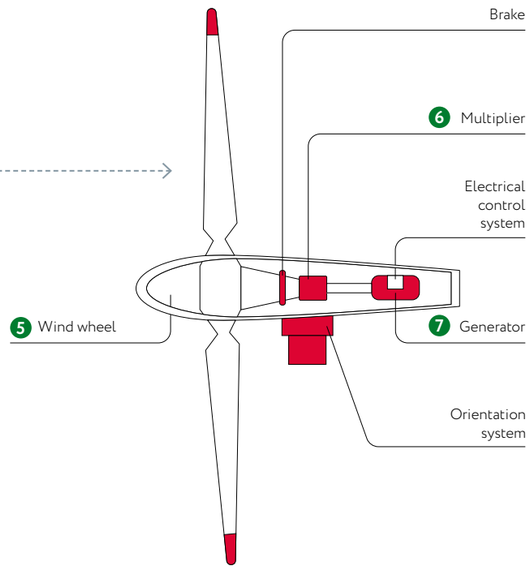
Schematic diagram of a wind farm with a transformer substation



Wind turbine generator (WTG) 1



Nacelle internal design



Wind farm is a facility that generates electricity from renewable sources. Equipment that converts the power of the wind into electrical energy are **wind turbine generators (WTG) 1**. The number of WTGs that make up one wind farm depends on the installed capacity of each generator and the total installed capacity of the wind farm. WTGs are combined into groups – **collectors 2**, each of which, in turn, is connected to an **electrical substation 3**.

The conversion of wind energy into electrical energy occurs due to the mechanisms located in the **WTG nacelle 4**. The nacelle is the main technological element of the WTG, it is inside it that the main equipment and systems of the WTG are located: a shaft connected at one end to a **wind wheel 5**, and at the other end to a **multiplier 6**, to which an **electric generator 7** is connected. In addition, there is also a system of electric drives necessary for orienting the nacelle in the direction of the wind, a step-up transformer and control system cabinets. Meteorological sensors are installed on the roof of the nacelle, measuring the direction and speed of the wind.

The **wind wheel 5**, consisting of a hub and three blades, under the influence of wind flows, begins to rotate the low-speed shaft, then with the help of the **multiplier 6**, the rotation is transmitted to the **generator 7**. Thanks to the multiplier, the speed of rotation of the high-speed shaft becomes sufficient for the stable operation of the **generator 7**. It is the generator that is responsible for converting the mechanical energy of the rotating shaft into the electrical energy we need. After the **generator 7**, a step-up transformer is installed inside the nacelle, which increases the voltage, making it possible to reduce the loss of electricity during transmission to the step-up electrical substation.

In order for the blades of the wind wheel, blown by wind flows, to be able to rotate freely, the **WTG nacelle 4** is fixed at the top of the **tower 8** by means of a mechanical system that ensures the rotation of the nacelle (yaw system), which is a hollow metal cylinder (with a diameter of more than 3 m) , inside which there are cables for power transmission, cables for control and communication systems, as well as an elevator for lifting and lowering personnel and equipment and ladders that are a backup way of lifting and lowering personnel.

The **tower 8** is fixed on the **foundation 9** – a base shaped like a large hockey puck located underground (at a depth of about 3 m). The foundation ensures stable position of the WTG during operation under conditions of maximum wind loads.

Customer focus

For our Company, customer focus means first and foremost ensuring the safe, uninterrupted, and accident-free operation of power plants to meet demand of consumers for electricity and heat.

Operating in the wholesale electricity and capacity market (WECM), the Company interacts with other electricity suppliers (generating companies) and electricity buyers (power sales organizations, large electricity consumers, guaranteeing suppliers) that have obtained the status of wholesale market entities, infrastructure organizations of WECM, and other structures.

COMPLEX THINGS MADE EASIER

Wholesale electricity and capacity market (WECM) is an area of circulation of electricity and capacity within the Unified Energy System of Russia.

Unified Energy System of Russia (UES of Russia) is an electric power system located within the territory of the Russian Federation and centralized supervisory control of which is carried out by the system operator of the Unified Energy System of Russia.

The System Operator is a specialized organization that single-handedly carries out centralized supervisory control within the Unified Energy System of Russia. It has the status of a natural monopoly.

Our activities are carried out under the conditions of strict regulatory regime, including federal laws, orders of federal executive authorities, acts and resolutions of the Government of the Russian Federation, etc. We always duly fulfill our obligations to the entities of the power industry and comply with the rules of the WECM regulated by the following regulatory documents:

- Federal Law No. 35-FZ "On Power Industry" dated March 26, 2003;
- Decree of the Government of the Russian Federation No. 1172 "On approval of the Rules of the WECM and on introduction of amendments into some acts of the Government of the Russian Federation regarding organization of the WECM functioning" dated December 27, 2010;
- The agreement on joining the trading system of the wholesale market in accordance with the standard form posted on the official website of the Association NP Market Council.

The Company is also a participant of the system services market and provides the service of normalized primary frequency regulation. In order to provide this service, the Company maintains constant readiness of power units to change active power in accordance with the required speed and accuracy at the command of the system operator of UES of Russia, which is our main customer and client for system services.

The main products of the Company in terms of power generation are electricity and capacity.

Electricity sales are the sales of directly generated energy, which carried out by the Company in three sectors of the WECM:

- In **the "regulated contracts" sector (RC)** tariffs for electricity supplied and purchased from the wholesale market are fixed and determined by the FAS[1] of Russia. Such contracts are concluded only for the volume of electricity and capacity that is intended for supply to the population and equivalent consumers. These volumes of supplies are calculated based on forecasts. At the same time, the total share of such electricity supplies should not exceed 35%;

1 Federal Antimonopoly Service.

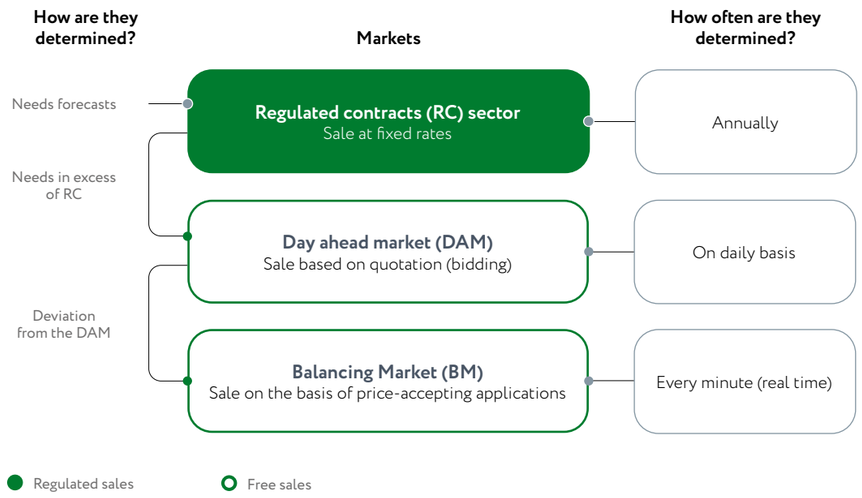
- In **the "day ahead market" (DAM)** the demand analysis and determining of the amount of energy required is carried out on a daily basis (additionally in relation to the volumes of regulated contracts). After that,[2] suppliers, who are ready to produce and supply the required volume of power based on their quotation, are selected;
- In **the "balancing market" (BM)**, deviations of actual electricity consumption from the planned one (determined in the DAM) are traded. It is designed to balance the supply and demand of electricity in real time. Trading in the balancing market is carried out by submitting applications. In these applications, electricity suppliers specify how they are ready to change their load, and consumers specify changes in their needs and willingness to pay for them. Based on this, a decision is made to satisfy applications based on competitive selection to achieve a balance.

Capacity is a special commodity, the purchase of which gives a market participant the right to demand from the seller that the generating equipment be kept ready to generate electricity of the established quality in the amount necessary to meet the demand for electricity of this participant. In other words, the sale of capacity is the sale of a guarantee for generation of a certain amount of electricity by maintaining the equipment in a state of readiness (switched on). To become a capacity seller, a company shall undergo a special competitive selection that, with some exceptions, is held every four years. The selection criteria, among others, are type of capacity provided (RES/NPP/HPP), the level of the facilities modernization and their location for a reliable and uninterrupted supply of electricity to consumers.

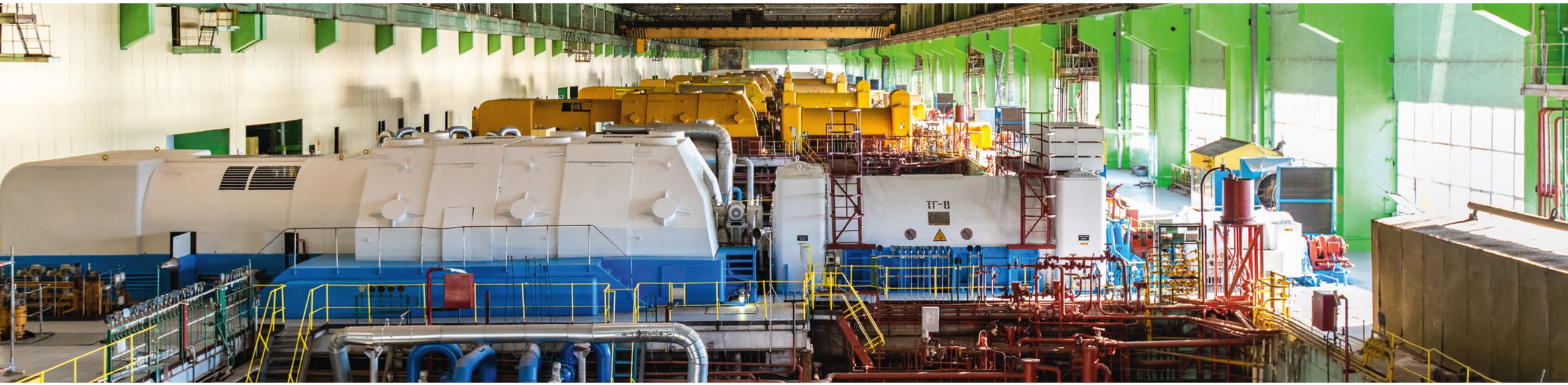
20.5
TWh
net power output in 2022

23.2
TWh
electricity sales in 2022

63.4
GW
capacity sales in 2022



2 Trade at the DAM (day-ahead market) is organized and held by the Joint Stock Company Trade System Administrator of the Wholesale Electricity Market (JSC ATS).



COMPLEX THINGS MADE EASIER

What is the difference between output and sales?

Electricity sales are the volume of electricity that is sold in various sectors of the electricity market, such as: day-ahead market (DAM), balancing market (BM) and via the mechanism of regulated contracts (RC).

Power output includes the volumes of electricity that were sold and purchased on the Wholesale Electricity and Capacity Market (WECM).

The key difference between these two concepts is that power output includes, in addition to the sale, also the purchase of electricity on the day-ahead market or the balancing market, to ensure obligations under bilateral regulated contracts.

Our customer focus is also reflected in our commitment to meeting the expectations and needs of our customers and other stakeholders. We are constantly exploring new ways of interacting and developing processes that meet the needs of the participants. The implementation of new solutions and the digitalization of business processes are the basis for developing even greater customer focus, as they all contribute to creating the shortest possible chain of interaction with the customer.

At present, the Company has established a system of legally significant electronic document management (hereinafter referred to as SEDM), within which we signed agreement on the exchange of documents in electronic form with counterparties. In 2022, we continued to work on electronic document management agreements, which allowed us to significantly expand our customer base in terms of SEDM exchange not only with counterparties on the wholesale electricity and capacity market, but also with fuel suppliers and consumers. In 2023, it is planned to establish a system of legally electronic document management for subsidiaries of Azov WPS LLC and Kola WPS LLC.

We support our stakeholders in their commitment to integrate the sustainable principles into their own practices. We participate not only in traditional markets, but also in new green market projects.

In the reporting period, the Company had a new customer segment – buyers of green certificates and counterparties in free bilateral contracts for the sale of green energy generated by our wind farms. EL5-Energo Group, as a supplier of electricity from renewable sources, has started the process of concluding Free Bilateral Agreements (FBAs) with interested customers, also in the interests of NOVATEK PJSC, and has proven to be a reliable partner for Russian industrial leaders who want to reduce their carbon footprint.

The second group of the Company's products are hot water and steam for use in the technological cycles of industrial enterprises, as well as to provide nearby cities with hot water and heating. Heat power is sold on the regional market at the location of the power plant at tariffs approved by the relevant regional energy commissions of the Russian Federation, as well as at free prices to consumers of heat power in the form of steam.

The sale of heat power is carried out by:
- Konakovskaya GRES (Tver region, Konakovo);
- Nevinnomysskaya GRES (Stavropol territory, Nevinnomyssk);
- Sredneuralskaya GRES (Sverdlovsk region, Ekaterinburg, Verkhnyaya Pyshma, Sredneuralsk).

The main consumers of heat supplied by the Company's power plants are heat supply organizations operating in the cities of the Company's power plants location.

The Company strives to build relationships with clients based on mutual respect, showing competence, professionalism and loyal approach. We comply with the Code of Ethics, the Zero Tolerance to Corruption Plan Regulation and the Anti-Corruption Policy in all our business practices, to ensure that interaction with clients is transparent, accurate, comprehensive and fully compliant with existing legislation.

We always consider suggestions and respond to complaints from consumers or their associations. Our consumers can contact us directly, by phone or by e-mail. We guarantee a high level of personal data security in all our interactions with our customers. It is possible to find the most up-to-date information about the Company's activities on our official website. In addition, we promptly inform customers of any changes regarding the performance of contracts by sending official letters in electronic form and by post.

2,241
MW
the total installed capacity of the Company for generation of heat power at the end of 2022

Company's official website

GRI 201-1

Economic value

18.2
RUB bln
retained value in 2022

We understand that the Company's sustainability is impossible without its economic stability.

We openly and transparently inform shareholders, investors, employees, partners, and other stakeholders about the results of creation and distribution of economic value.

In 2022, our retained value amounted RUB 18.2 bln, up 152.2% year-on-year. This change is due to positive EBITDA dynamics (including the completion of the sale of the power train and a decrease in a number of expenses), which together with the decision to keep profits internally and do not pay dividends in 2022 led to an increase in retained earnings.

Direct economic value generated – **Economic value distributed** = **Economic value retained**

Direct economic value generated: The revenue generated from the Company's core business – the sale of electricity, capacity and heat, revenue from investments in financial instruments and the sale of physical assets

Economic value distributed: Our economic value distribution channels are related to our main stakeholders: employees, shareholders and investors, lenders, suppliers and contractors, government, local communities

Economic value retained: The difference between the value generated and distributed, which we direct to the modernization of current assets and business development

Generated and distributed economic value, RUB ths

Category	2018	2019	2020	2021	2022
Direct economic value generated	**74,201,171**	**84,193,994**	**49,191,198**	**51,206,111**	**52,723,025**
Revenue from core business activities	73,264,973	65,834,843	44,036,827	48,248,917	50,481,443
Other operating income	603,598	379,400	546,321	997,508	618,029
Revenue from financial investments	332,600	1,279,720	608,050	439,690	542,761
Proceeds from the sale of assets	0	16,700,031	4,000,000	1,519,996	1,080,792
Economic value distributed	**–64,683,039**	**–59,283,794**	**–39,782,646**	**–43,971,586**	**–34,479,273**
Operating expenses	–50,017,556	–45,257,967	–31,004,684	–36,733,840	–37,075,218
Wages and other payments to employees	–3,789,029	–3,448,630	–2,523,810	–2,839,971	–2,913,508
Payments to providers of capita	–7,260,279	–7,213,425	–3,680,421	–705,393	–1,425,551
payments to shareholders	–5,126,449	–5,004,098	–3,006,611	18,640	19,549
payments to creditors	–2,133,830	–2,209,327	–673,810	–724,033	–1,445,100
Tax payments, fines, and penalties	–3,572,675	–3,320,272	–2,535,736	–2,322,129	3,454,897
including income tax	–987,585	–1,516,942	–965,046	–664,859	4,905,658
Local community investments	–43,500	–43,500	–37,995	–32,840	–60,853
Economic value retained	**9,518,132**	**24,910,200**	**9,408,552**	**7,234,526**	**18,243,752**

Our mission

Preserve and improve our heritage, develop new technologies while producing reliable and affordable energy

Driving a world of energy

Our values

1 Safety

2 Reliability

3 Leadership

4 Responsibility

5 Caring for people

Sustainability strategy

43
goals
for sustainability in 9 pillars

More information **p. 47**

717.67
RUB mln
the total volume of investments in the main projects related to sustainable development

More information **p. 48**

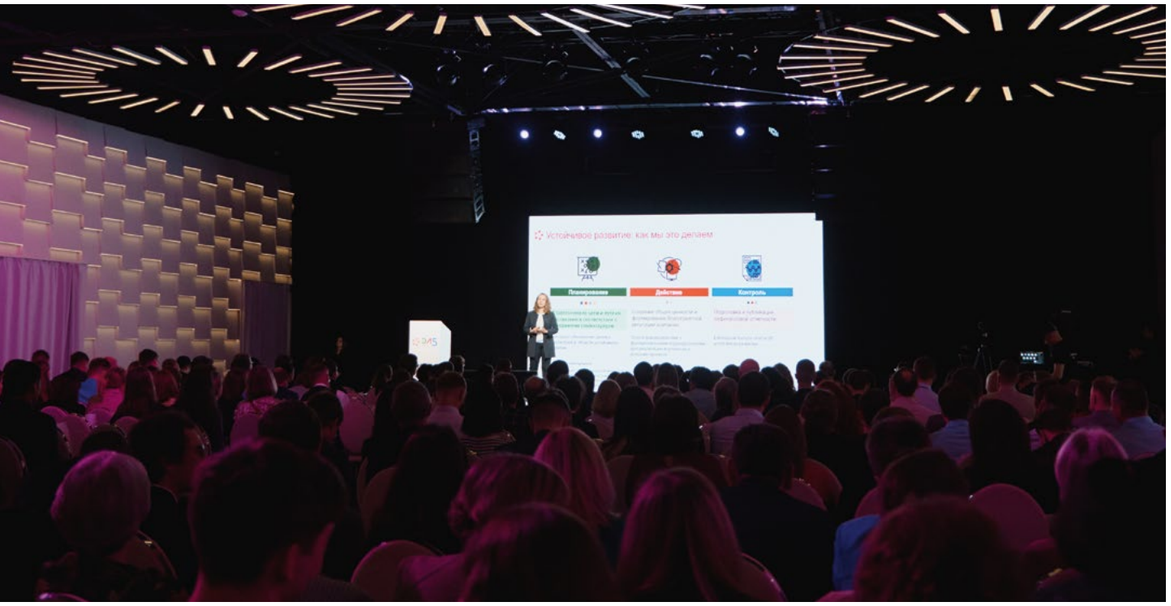
1st
place
in the nomination "Contribution to the development of ESG culture"

More information **p. 50**

Creating value for the present and future

Developing a culture of sustainability

Sustainability management



MATERIAL TOPIC

Sound governance and fair corporate conduct

The sustainability principles are at the foundation for our corporate culture. We strive to ensure that every employee of the Company, regardless of their position, knows how they personally contribute to the sustainability of the Company by consciously performing their daily work. We are building a sustainability management system with a focus on ensuring a balance between the interests of stakeholders, effective management of ESG-risks and contributing to the achievement of the global Sustainable Development Goals.

GRI 2-13

GRI 2-18

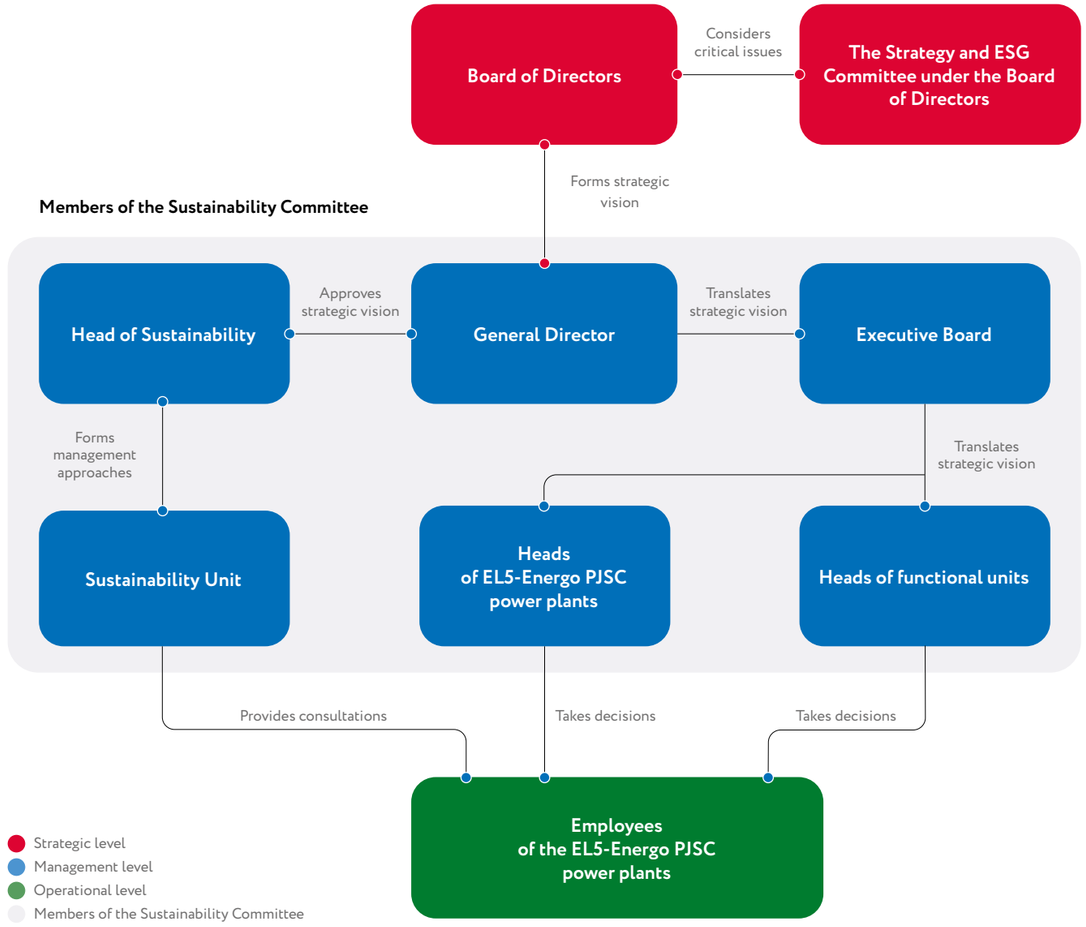
Sustainability aspects governance

Sustainability topics at EL5-Energo PJSC are fully integrated into all management practices.

At the strategic level, the Board of Directors and the Strategy and ESG Committee are involved in the agenda. The Committee forms a strategic vision on environmental and social aspects and sends it to the Board of Directors for further decision-making.

At the management level, the Sustainability Unit, which reports directly to the General Director, is responsible for sustainability issues.

Sustainability governance structure



A unified corporate approach to managing sustainability aspects is ensured by a number of documents regulating, among other things, the issues of sound governance and fair corporate conduct, occupational health and safety, environmental and human resources management, local communities engagement, and supply chain management.

GRI 2-23

For more details, see the Company's **website**

GRI 2-22

GRI 2-24

GRI 3-3

For full version of the Sustainability plan, see the **website**

For more details, see the **"Material topics"** section

Key strategic areas

Sustainable development is one of the main strategic priorities of the Company. We continuously work to strengthen our ESG-practices and regularly monitor international and national requirements, recommendations, trends and best practices. In assessing their relevance and applicability, we also take into account the Company's business strategy, specifics of the industry and priority of a topic.

Our intentions and targets for future periods are recorded in the Sustainability plan, the structure of which corresponds to the material topics of the reporting period.

Every year we review our targets in this area and reflect them in the Sustainability plan. When revising the Plan, we strive to be consistent and reflect the evolution of our approach to sustainable development, while keeping in mind ongoing changes in the strategy and context.

Despite the fact that in 2022 we have adjusted the structure and key impact blocks and revised some targets in the Sustainability plan update to reflect the changing context, our primary focus remains on reducing our carbon footprint and decarbonization of the energy mix. Along with Sustainable supply chain and the Economic and financial value creation, these create the core value from our operations. The foundation of our Plan is the ESG backbones, which includes Environmental management, Occupational health and safety, and indicators of Sound governance and fair corporate conduct. The People centricity approach remains unchanged from previous planning periods, with priority given to issues of Employees management, development and motivation, as well as initiatives of Engaging the local communities in a mutually beneficial dialogue.

Achieving our ambitious targets and continuous development are impossible without Growth drivers. We believe that these are cross-functional areas that help us move faster along our planned path. Such directions for us are Innovation and digital transformation, without which in the modern world it is impossible to move forward successfully in any direction, as well as Customer focus.

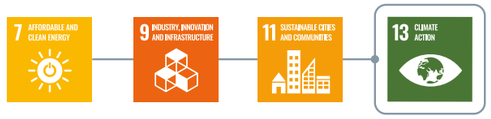
Legend and basic notations used in the Plan[1]

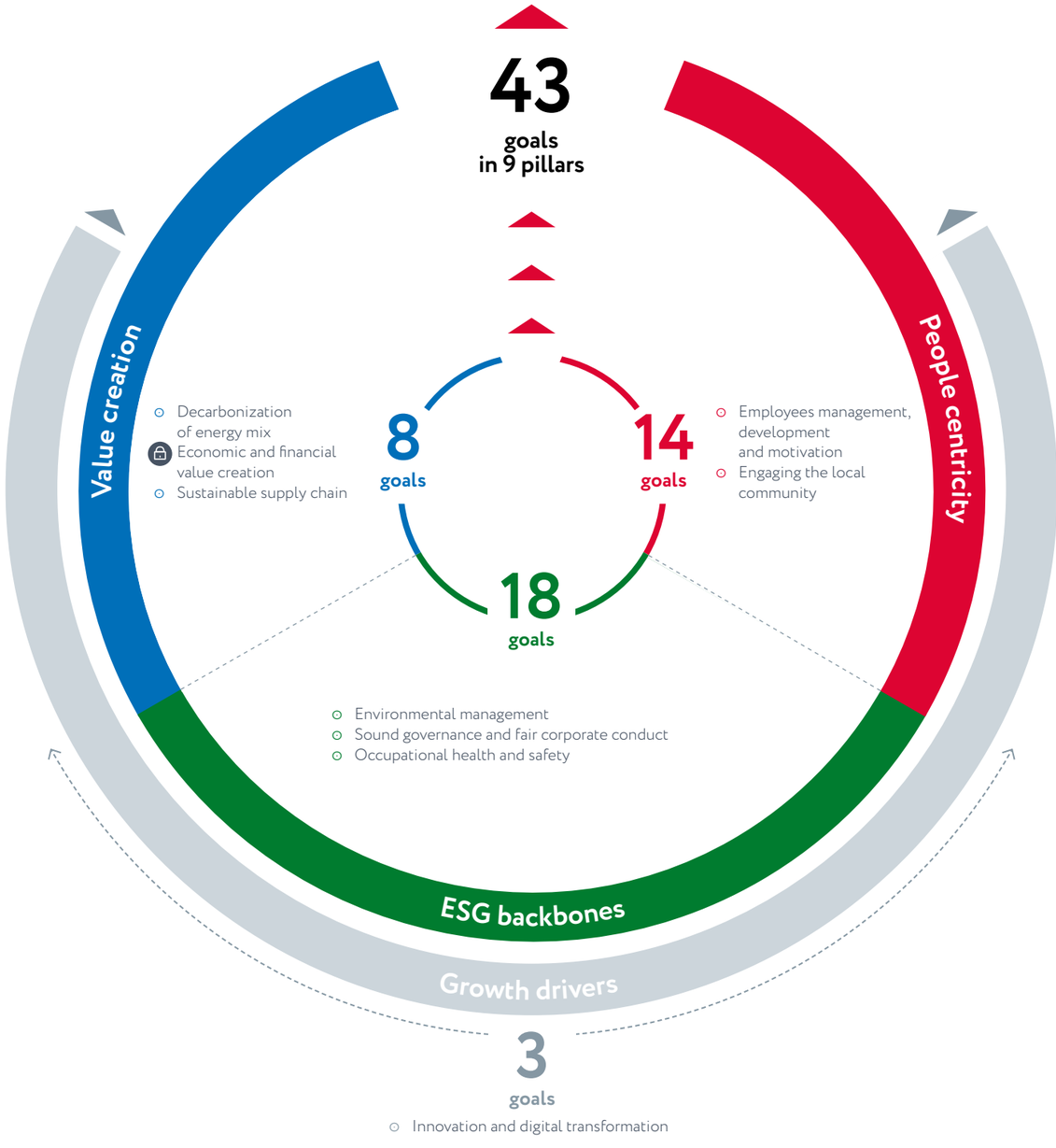
- New target included in the Plan
- The target has undergone a redefinition in one of the following: activity (content or wording), calculation methodology, transformation into public target from being internal
- The target has been redefined from qualitative to quantitative
- The target has been revised, upwards (green) or downwards (red), depending on curve's projections
- N/A New target, results for 2022 are not available
- Target is calculated based on the Company's business plan
- Internal target not to be disclosed publicly

1 All changes are referenced to the Sustainability Plan 2022–2024 (disclosed in the 2021 Sustainability Report).

Strategic vectors for sustainability

Contribution to the 2030 Agenda for Sustainable Development with a focus on the SDGs





Generating sustainable energy for economic growth and prosperity for future generations

Investments in sustainability

EL5-Energo PJSC has a comprehensive approach to the development of sustainability projects. Achieving high results is impossible without investments, especially financial ones.

The total volume of investments in the main projects related to sustainable development amounted to RUB 717.67 mln. The largest share of the funds spent was allocated to environmental projects. On the one hand, this is due to the Company's strategic focus on the greening and decarbonizing production. On the other hand, the environmental projects are partially related to the modernization of equipment, which leads not only to an increase in environmental friendliness, but also to an increase in operational efficiency.

717.67
RUB mln
the total volume of investments in the main projects related to sustainable development

E
S
G

Areas of investments	Amount of investment, RUB mln	Section where you can read more about the investment areas
Investments in environmental projects (capital and operating expenses for environmental protection services)	417.56	"Responsible attitude to the environment"
Certification under Integrated management system (cost of training for the employees involved)	1.06	"Integrated management system"
Occupational health and safety projects (#LiveSafely, "Black Asphalt" – winter cleaning, personal protective equipment costs, fire safety costs)	149.60	"Health and safety"
Investments in personnel development and social support projects (projects aimed at training, development, voluntary health insurance (except for insurance against COVID-19))	86.80	"People we work with"
Investments in local communities development (community support and development program, as well as other social and communication projects in the territories of presence)	60.85	"Our work with local communities"
Investments in corporate governance improvement projects (development of a Board of Directors profile)	1.80	"Corporate governance structure"
TOTAL INVESTMENTS IN SUSTAINABILITY	717.67	

Achievements and awards

Our ratings

Expert

ruA+
credit rating

More information on the **website**

NCR

Category I
(high level) of the ESG-index

More information on the **website**

RX РАЭКС-АНАЛИТИКА

Score 5 out of 5
the highest quality of the annual report

More information on the **website**

Our rankings

RBC

3rd place
among Russian employers and a leader in the energy industry

More information on the **website**

TopCompetence

Top 20
leaders in the field of corporate governance in the National Corporate Governance Index: Disclosure – 2022

More information on the **website**

RX Rating Review

1st place
in the overall ESG-ranking from January to September 2022

More information on the **website**

Our rankings

RX Rating Review

2nd place

in the overall ESG-ranking in October – December 2022

More information on the **website**

NRA

2nd place

in the ESG-ranking of the Russian companies in the industrial sector

More information on the **website**

Expert

3rd place

in the ESG-transparency ranking (among generating companies as of the end of 2022)

More information on the **website**

Our awards

MOEX Moscow Exchange

3rd place

in the nomination "The best annual report of a company with the capitalization of up to RUB 40 bln" of the anniversary XXV Annual Reports Competition 2022

More information on the **website**

+1

1st place

in the nominations "Best Disclosure of the Economic Impact Issues" and "Best Disclosure of Business Ethics" of the "Change management. Visionaries" Award

More information on the **website**

АНД Ассоциация профессиональных директоров

1st place

in the nomination "Contribution to the development of ESG culture"[1]

Development of the Sustainability plan

The Sustainability plan includes EL5-Energo PJSC targets for each of the selected strategic areas. For the medium-term internal planning purposes, the milestones – quantitative and qualitative indicators – are set for a three-year period.

Due to changes in the external context, the organizational structure of the Company and the change of the controlling entity in the reporting year, we decided to publicly disclose the results of work on the strategic directions for 2022, as well as the plans for 2023.

1 The winners of the National award "Director of the year" were announced at the beginning of 2023.

Sustainability plan development

Processing of materiality analysis results and revision of strategic areas → Plan-fact analysis of achievement of previous plan's targets → Internal analysis and discussion of key priorities with the Heads of functions → Update of the existing KPIs and forming of the new ones → Assessment of potential contribution to achievement of SDGs → Review and approval of the Plan by the General Director and the Strategy and ESG Committee → Publishing of the Plan on the Company's website

For more details on the targets included in the Sustainability plan, see the "Sustainability plan" section on the Company's **website**, as well as targets for 2023 at the beginning of the relevant sections

Our contribution to the achievement of the UN Sustainable Development Goals

Contributing to the achievement of the UN Sustainable Development Goals (UN SDGs) is an invariable priority for us. We reflect the main achievements of the Company in this area for a year in our Report and on the Company's website.

While setting the goals of our Sustainability plan, we also set out our intentions by linking them to the UN goals. Thus, the achievement of each indicator of the Plan contributes to an increase in our contribution to the corresponding global goal.

We identify four main Sustainable Development Goals, and we contribute to achievement of them primarily by performing our production activities.

SUSTAINABLE DEVELOPMENT GOALS

7 Affordable and clean energy · 9 Industry, innovation and infrastructure · 11 Sustainable cities and communities · 13 Climate action

We contribute to the achievement of the remaining Goals by implementing the following initiatives:

- local communities support programs (SDG 3 "Good health and well-being", SDG 4 "Quality education");
- diversity and inclusion initiatives, as well as employee development programs (SDG 5 "Gender equality", SDG 8 "Decent work and economic growth", SDG 10 "Reduced inequalities");
- development of projects to improve environmental safety, protect biodiversity and develop lean production (SDG 6 "Clean water and sanitation", SDG 12 "Responsible consumption and production", SDG 15 "Life on land");
- improving the sustainability of the supply chain (SDG 12 "Responsible consumption and production");
- development of corporate governance practices, anti-corruption activities and partnerships for sustainable development (SDG 16 "Peace, justice and strong institutions", SDG 17 "Partnerships for the goals").

For more details, see the Sustainability plan 2023 on the **website**

For more details on the Company's contribution to the achievement of the Sustainable Development Goals, see the **website**

GRI 2-29

Stakeholder engagement

At all stages, from planning to project implementation, as well as when conducting production activities and identifying key areas for sustainable development, we try to consider the interests of stakeholders, based on their opinions and needs.

Stakeholder Engagement Policy

We consider comfortable and trusting relationships with stakeholders as an important asset and a guarantee of mutual support and development.

The main internal document that regulates and manages the processes of interaction with the stakeholders is the Stakeholder Engagement Policy.

In 2023, we plan to update it while maintaining our commitments towards the stakeholders and broadening the objectives of this interaction.

Our approach

Goals, objectives and methods of stakeholder engagement

Objectives	Understanding the external context	Formation and management of reputation	Mitigating potential risks	Promoting the sustainability values
Tasks	⊙ Study of best practices, benchmark trends, and selection of other information to form a strategy ⊙ Search for new business opportunities in solving social and environmental problems	⊙ Increasing the transparency of activities ⊙ Creating a value-based corporate culture	⊙ Monitoring of expectation and feedback of stakeholders ⊙ Taking preventive measures for potential conflict situations	⊙ Integrating the sustainability principles into the value chain ⊙ Partnership for sustainability
Methods	Informing	Consulting	Involvement	Cooperation

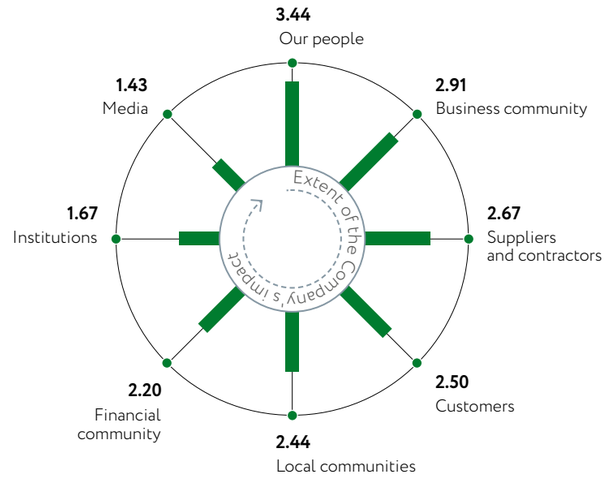
Similar to the identification of the material topics process, where the focus shifted to the levels of the Company's impact on the topics, in 2022 we adapted the stakeholder assessment in the similar way.

Assessing the impact of the Company's processes and activities on the stakeholders helps to assess how our work affects certain stakeholders in isolation from the external context. Representatives of business functions in charge of interaction with different categories of stakeholders are involved in this process in order to make our assessment more comprehensive.

As a result of the assessment, we get a more complete understanding of the stakeholders, which becomes the basis for formation of the content of the Report and development of the Sustainability plan.

Based on the results of the 2022 analysis, the Company has the greatest impact on such stakeholder groups as Our people, Business community, and Suppliers and contractors, and the least impact on the Institutions, which includes authorities and regulatory bodies, as well as on the Media, which includes both traditional and digital media and social networks.

Rate of the Company impact on stakeholder groups[1]



We understand the importance of every group of the stakeholders, so the Company has developed a communication approach, action plans and identified the main communication channels to interact with them. One or more functional departments of the Company are assigned to be in charge of interaction with each of the groups of stakeholders.

Assessing the impact of the Company's processes and activities on the stakeholders helps to assess how our work affects certain stakeholders in isolation from the external context

Our plans for the next reporting periods

- Develop and publish specific policies for interacting with certain types of stakeholders, in particular the Policy on interaction with indigenous and small ethnic communities and others;
- Carry out further interaction activities in order to improve the quality of feedback on stakeholder satisfaction with the quality of the Company's management of material topics and with the Company's activities in general and its reporting practices in particular;
- Increase stakeholder awareness of the ESG-aspects.

1 By customers, we mean the end consumers of the energy we produce. The financial community group includes our shareholders and investors.

A set of methods to interact with the stakeholders

GRI 2-26 GRI 2-29 GRI 413-1

Symbols of main communication channels

- Newsletters in electronic and printed formats
- Individual and general meetings
- Direct contacts via email and phone
- Industry related events
- Presentations and teleconferences
- Surveys and questionnaires
- Corporate reporting
- Official website
- Publications in the media
- Social networks
- Complaint mechanisms

Stakeholder group	Stakeholder expectations	Our approach	Main communication channels	Additional communication channels	Responsible for interactions	For more details, see
SHAREHOLDERS AND INVESTORS	Capitalization growth in the long term Consistently high financial results Dividend payment	Ensuring stable economic results Timely and complete informing Consideration of shareholders' interests when making a decision	● ● ○ ○ ● ● ● ● ● ● ●	Annual General Shareholders' Meeting	Investor Relations Group Corporate Affairs Group	**"Economic value"** **"Efficient governance"**
FINANCIAL COMMUNITY	Consistently high financial results Transparency and accessibility of financial and non-financial information about the Company	Ensuring stable economic results Timely and complete informing	● ● ○ ○ ● ● ● ● ● ● ●		Administration, Finance and Control	**"Economic value"**
BUSINESS COMMUNITY (INDUSTRY REPRESENTATIVES, POTENTIAL PARTNERS)	Openness for dialogue and cooperation Participation in industry development initiatives Transparency and accessibility of financial and non-financial information about the Company	Willingness to cooperate Ensuring high quality disclosure of financial and non-financial information Participation in work groups on development of the industry	● ● ○ ○ ● ● ● ● ● ● ●		Energy Management	**"Sustainability strategy"** **"Efficient governance"** **"Responsible attitude to the environment"** **"Our work with local communities"**
SUPPLIERS AND CONTRACTORS	Cooperation and agreements on supplies and contracts Responsible fulfillment of financial obligations Ensuring safe working conditions for contractor's personnel Information security and confidentiality	Willingness to cooperate Responsible fulfillment of all contractual obligations Highest ethical standards Priority of health and safety for contractors, as for our employees	● ● ○ ○ ● ● ● ● ● ● ●	Tenders Contractual relationships Events for suppliers	Procurement	**"Sustainable supply chain development"**
LOCAL COMMUNITY	Transparent informing about the Company's activities Existing and potential environmental impacts Creation of workplaces Development of social infrastructure, support of healthcare and education	Measuring and managing the Company's environmental impact Timely and complete informing Taking into account the needs and priorities of the local community Status of a major employer in the regions of presence Community support and development program and other social initiatives	● ● ○ ○ ● ○ ● ● ● ● ●	Public hearings, General public events Charity program (community support and development program) and Social grants competition	Sustainability Communications	**"Our work with local communities"** **"Responsible attitude to the environment"**
EMPLOYEES	Stable employment Fair working conditions Fair salary, benefits and extended social package Safe working conditions Opportunities for growth and development	Ensuring comfortable working conditions Priority of health and safety Openness and willingness to maintain dialogue Personnel training and development Social initiatives and volunteer projects Diversity and inclusion policy	● ● ○ ○ ● ○ ○ ● ● ● ●	Corporate newsletters Video terminals Meetings with management Corporate sports and cultural events	Human Resource and Organization Communications Sustainability Unit	**"People we work with"** **"Health and safety"**
PUBLIC AUTHORITIES	Compliance with the law Social activities Environmental compliance and voluntary environmental projects Fair payment of taxes	Strict legal compliance Community support and development program and socioeconomic partnership agreements Status of a major taxpayer in the regions of presence	● ● ○ ○ ○ ● ● ● ● ● ●	Working groups	Regulatory and Institutional Affairs	**"Sustainability strategy"** **"Efficient governance"** **"Responsible attitude to the environment"**
MEDIA	Transparency and accessibility of financial and non-financial information about the Company Classified information Range of topics covering the interests of all stakeholders	Timely and complete information Openness for dialogue Ensuring high quality disclosure of financial and non-financial information	○ ○ ○ ● ● ● ● ● ● ● ●	Press releases Press events	Communications	**"Sustainability strategy"** **"Efficient governance"** **"Responsible attitude to the environment"** **"Our work with local communities"**

Integrated management system

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

Sound governance and fair corporate conduct

Activity	Result 2022	Target 2023	UN SDG
ISO and Anti-Corruption Management System certification certificates obtained	The results of the report to the Board of Directors were summarized. Training for employees was conducted. Post-certification audits were cancelled due to the termination of support by external auditors	Conducting an external certification audit on IMS and Anti-corruption Management System: step 1; step 2; obtaining certificates	
Ensuring the quality of work performed during maintenance/reconstruction of equipment number of inspections completed by AQSG[1]	N/A	1,485	
Implementation of the plan for updating the procedures of the HSEQ&E[2] %	N/A	Actualization of 13 procedures for the Health, Safety, Environment, Quality and Energy Efficiency	
Conducting internal audits at production facilities number of audits	N/A	6	

MATERIAL TOPIC

Sound governance and fair corporate conduct

Our Company not only strictly complies with legal requirements for health, safety, environment, quality and energy efficiency, but also takes on additional commitments to comply with international standards and practices to ensure equipment readiness and uninterrupted power and heat production for consumers.

1 Additional Quality Support Group.
2 Health, Safety, Environment, Quality and Energy Efficiency.

Integrated management system for business processes

Regulatory documents

Internal documents

- Integrated Health, Safety, Environment, Quality and Energy efficiency Policy
- Manual for an Integrated Health, Safety, Environmental and Quality Management System
- Other regulatory documents that can be found on the Company's website

External Documents

- ISO 9001:2015 standard
- ISO 14001:2015 standard
- ISO 45001:2018 standard
- ISO 50001:2018 standard
- ISO 37001:2016 standard
- ISO 19011:2018 standard

Integrated Health, Safety, Environment, Quality and Energy efficiency Policy

Regulatory documents

GRI 3-3

Top management reviews the reporting and approves the strategic goals of the IMS as part of the annual management review

We are building a systematic approach to managing business processes in the Company. The Integrated Management System (hereinafter – the IMS) implemented at EL5-Energo PJSC meets the requirements of the international standards ISO 9001, ISO 14001, ISO 50001 and ISO 45001.

The principles of the IMS operation in the Company are detailed in the Integrated Policy. In addition, the Company has developed internal regulatory documents linking work on health, safety, environment, quality, and energy efficiency.

The Quality and IMS department is responsible for the functioning of the IMS, regular monitoring of international IMS and Quality standards, prompt response to all external and internal changes, thereby assuming responsibility for the compliance of EL5-Energo PJSC with the current legislation, the best available technologies (BAT of the Russian Federation) and the main international IMS and Quality standards. The main strategic goals of the Quality and IMS department are:

- analysis of the activities of departments to prepare recommendations for continuous improvement and /or enhancement;
- analysis of internal and external processes to improve the IMS and the quality integration of macro– and micro-processes;
- conducting internal audits at the power plants to verify that the sites meet the requirements of the standards;
- ensuring the quality of work performed during maintenance/refurbishment of equipment;
- implementing the plan to update the procedures of the HSEQ Directorate.

The IMS is managed by a special Committee for the maintenance and improvement of the IMS for health, safety, environment, quality and energy efficiency, approved by the General Director. The Committee is composed of representatives from the main business units and its list of responsibilities includes:

- ensuring compliance with the health, safety, environment, quality and energy efficiency objectives of the Integrated HSEQ Policy;
- monitoring the consistency of health, safety, environment, quality and energy efficiency action plans with the Company's policy and the vision;
- analysing the functioning of the IMS;
- holding working meetings of the Committee at least once a year.

Top management reviews the reporting and approves the strategic goals of the IMS as part of the annual management review. The purpose of this analysis is to provide the Company's management with the results and information necessary to formulate and regulate the HSEQ IMS policies, goals and programs. In terms of scheduling, the IMS analysis by the management, the definition of goals and the relevant programs to achieve these goals is carried out annually, however, it can be carried out more frequently in the event of significant changes in the organizational structure and other substantial changes.

For more details, see the **"Health and safety"**, **"Responsible attitude to the environment"**, and **"Sustainable supply chain development"** sections

Management control of the Integrated management system

We regularly analyze IMS processes using the following tools:

- international standards certification;
- risk assessment according to the Quality Management System (QMS) and Energy Management System (EMS);
- annual management review of the IMS;
- setting targets, monitoring the implementation of the IMS targets;
- monitoring of the IMS improving actions;
- monitoring the plan for issuing procedures under the HSEQ Directorate;
- update and release of QMS documents;
- carrying out external and internal audits according to ISO standards;
- monitoring the non-conformity register;
- updating information on the IMS in publicly available information resources;
- controlling the implementation of best practices in the Group's processes for IMS improving;
- development and control of each business unit taxonomy design;
- organizing and conducting trainings for employees on the necessary competencies related to the IMS.

International standards certification

In December 2022, due to the change of the controlling shareholder and the Company's name, a contract was signed the for certification[1] of EL5-Energo PJSC power plants according to the IMS requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018, as well as of ISO 37001 Anti-Corruption Management System.

Periodic external audits (inspection control) from the date of the certification are scheduled for three years ahead (from 2023 to 2025), in order to maintain the certification to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 and ISO 37001:2016 standards.

1 Branches: Headquarters, Konakovskaya GRES, Nevinnomysskaya GRES, Sredneuralskaya GRES. Certification of the subsidiaries Azov WPP and Kola WPP is scheduled for 2024.

Integrated management system

Contains an integrated process

Standard	Key components	Status
ISO 9001:2015 **Quality management system** **Requirements**	⊙ Development and continuous improvement of IMS, process-based approach ⊙ Methodological support of Company business units ⊙ Ensuring quality control during major and medium maintenance at power plants ⊙ Conducting qualification inspections of procurement procedures to reduce risks	All thermal generation assets and Headquarters are certified
ISO 14001:2015 **Environmental management systems** **Requirement with guidance for use**	⊙ Environmental Management ⊙ Obtaining permitting documentation ⊙ Management of environmental risks and opportunities	All thermal generation facilities are certified
ISO 50001:2018 **Energy management systems** **Requirement with guidance for use**	⊙ Management of optimization and control of equipment performance for efficient use of resources (fuel, water, electricity) for BoP needs ⊙ Introduction of new technologies and equipment to reduce production losses ⊙ Implementation of new digital projects and solutions to improve performance ⊙ Transition to a risk-oriented approach	Konakovskaya GRES and Nevinnomysskaya GRES were certified Certification of Sredneuralskaya GRES was planned for 2022
ISO 45001:2018 **Occupational health and safety management systems** **Requirements with guidance for use**	⊙ Improvement of the management system for transition to the ISO 45001:2018 standard ⊙ Risk assessment. Monitoring of compliance with health, fire and industrial safety requirements ⊙ Preparation of reports on hazardous situations and industrial accidents ⊙ Development and implementation of measures to improve health and safety indicators ⊙ Management of accidents and emergencies	All thermal generation assets and Headquarters are certified
ISO 37001:2016 **Anti-bribery management systems** **Requirements with guidance for use**	⊙ Implementation of the anti-bribery management system ⊙ Application of risk-oriented approach ⊙ Raising the employees' awareness of the existing procedures for managing the risks of corruption and bribery, as well as of a single feedback channel for reporting bribery and corruption cases	All thermal generation assets and Headquarters are certified

22
employees
of EL5-Energo PJSC in 2022, successfully completed training and received the internal auditor certification

In 2022, 22 employees of EL5-Energo PJSC successfully completed training and passed the test for the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018, ISO 19011:2018, and received the internal auditor certification.

Risk assessment according to Quality Management System (QMS) and Energy Management System (EMS)

Every year we evaluate the effectiveness of existing management measures in each power plant through internal audits and additional inspections carried out by the quality department. In order to eliminate the inconsistencies identified as a result of audits, recommendations and corrective actions are developed and implemented with the subsequent determination of the level of effectiveness of the measures taken.

Based on the results of internal IMS audits conducted in 2022, 45 non-conformities and recommendations were identified (29 non-conformities and 16 recommendations), with a deadline for implementation by the end of 2022. Of the 29 identified non-conformities, 27 have been corrected and 2 will be corrected in 2023. All 16 recommendations were fully implemented in. Thus, 96% of the total volume of the IMS non-conformity register has been covered.

When assessing the QMS risks, assessment registers are formed with the definition of:
- the main processes for each power plant in the area of quality management;
- process owners;
- the goals of the process;
- the inputs to the process;
- sources of inputs;
- outputs from the process;
- recipients of outputs.

After that, potential critical events (risks) are identified, as well as opportunities that may arise during the execution of a particular process. The level of risk is the amount of risk expressed as a combination of the severity of a potential critical event and its probability.

The residual risk score is calculated by multiplying the current control measures coefficient by the risk level. According to the result obtained, the need for taking the necessary measures is determined, according to the table below.

Residual risk level at current control measures	Risk classification	Necessary measures
⩾1,000	High risk	Measures must be taken immediately
1,000 < & ⩾ 200	Medium risk	Measures must be taken within a year
<200	Low risk	No measures need to be taken, but the situation must be under control

The quality action plan is developed by the Operation and Maintenance departments with the approval of the Quality and IMS Department.

The action plan for the risks of the energy management system is developed by the Production Efficiency Directorate.

15
people
composition of the working group created to revise and update the taxonomy of processess

Formation and control of taxonomy development

In 2022, a working group of 15 people representing various directorates, business units, lines of business of the Company was created to revise and update the taxonomy of processes. To manage the process, 12 main and supporting areas represented in the Company have been identified. As part of this process, among other things, work is being done to systematize and streamline internal documents related to the management system, as well as to optimize the core and assess the validity of non-core activities, with the aim of improving management practices and reducing labor costs.

In 2023, it is planned to continue work on optimization of key business processes in the Company with the help of small groups specially formed for this purpose. In particular, the changes will affect the management of specific fuel consumption of power plants units, inventory management and some other processes.

In 2022, all quality and IMS targets were fully met.

Of the 9 actions to improve quality and IMS, 7 were completed and 2 measures are in progress: digitalization of the internal reporting process according to IMS (HQ) and optimization of processes in the HQ and the power plants (PP).

Quality control and assurance

At the power plants, the operational activities of the quality and IMS department are supported by specially created Additional Quality Support Groups (AQSG)

The Company achieves the set strategic goals and solves operational problems in the field of quality through the activities of the Quality Department and the Additional Quality Support Groups (AQSG) at the power plants.

The Quality and IMS Department is responsible for methodological support to ensure the quality of work performed, equipment supply and maximum operational efficiency of planned works in the field of QMS, including:

- provision of appropriate documentation for quality control during construction and maintenance;
- providing competencies for acceptance of work and testing during construction and maintenance;
- monitoring the performance of work on identified non-conformities and on the integration of recommendations aimed at improving processes during construction and maintenance;
- carrying out qualifications of potential contractors;
- participation in qualifying visits to the production sites of counterparties;
- support in resolving issues related to the quality of work acceptance.

At the power plants, the operational activities of the quality and IMS department are supported by specially created Additional Quality Support Groups (AQSG).

Additional Quality Support Group

The Additional Quality Support Group (AQSG) was formed in 2017 as a team of highly qualified and proactive specialists for the supervision of maintenance under the direct coordination of quality engineers from the HSEQ units of the power plants. The purpose of the AQDS is to control the quality of repairs of power plant equipment and to combine these activities with the fulfillment of duties for the main production activity.

The Additional Quality Support Group is involved:

- in the preparation of quality assurance documents;
- scheduling and monitoring of checkpoints reviews and participating in Quality Control Plan (QCP) checkpoint reviews;
- regular exchange of experience between branches through joint meetings, cross-checks of work performance quality control, etc.;
- tracking the competencies of the AQSG in the field of quality assurance and control in order to compile a matrix for the interchangeability of employees;
- reviewing initiatives for the use of remote approval of low– and medium-risk equipment;
- analysis, systematization of the inconsistencies identified in the production sites;
- development and implementation of recommendations to reduce the risks of systematic non-conformities.

12
employees
composition of the Additional Quality Support Group in 2022

1,505
activities
completed by the AQSG during the reporting period

Composition of the AQSG

Additional Quality Support Group	KGRES	NGRES	SUGRES
Quality Engineer (employees combining positions)	1	1	1
Quality Controllers (employees combining positions)	3	3	3

During the reporting period, the AQSG completed 1,505 activities (which is 30 more than planned), including:

Event	KGRES	NGRES	SUGRES	Total
Inspections	167	360	327	**854**
Documentation review	307	130	113	**550**
Other events	45	42	14	**101**

All 177 non-conformities identified during the quality control of the AQSG were closed.

For more details, see the **"Sustainable supply chain development"** section

In addition, in terms with respect to quality control and assurance in 2022:

- qualification visits were made to the production sites of 11 potential contractors who applied for qualification at EL5-Energo PJSC for high-risk material groups.
- organized and conducted training for the maintenance personnel and contractors of KGRES on the application of Quality Control Plans during maintenance campaigns in preparation for the major overhaul of the power unit No. 2;
- a training inspection was carried out at KGRES to control the quality of maintenance at the unit No. 2;
- 306 qualifications of contractors who applied were carried out for different material groups;
- proposals were prepared for all power plants to ensure and control the quality of welding during the period of maintenance campaigns based on the identified systematic non-conformities.

Based on the general results of the analysis of the documentation, the implementation of corrective actions, and the analysis of the status of achievement of IMS objectives, it was recognized as suitable in terms of effective use by all functional units, adequate and effective to achieve the full readiness of the equipment for power generation.

Updating information on the IMS on publicly available information resources

The IMS information and documents are made available to external stakeholders on the Company's official website in the "ESG and Sustainability" section.

In addition, the IMS documentation is posted and periodically updated on the EL5-Energo PJSC internal resource available to all employees of the Company.

For more details, see the section "ESG and Sustainability" of the **Company's website**

Plans for improvement in the field of quality and IMS for 2023

Further development and systematization of the work of the Additional Quality Support Group

- Conducting primary external audits for certification of EL5-Energo PJSC for compliance with the requirements of international IMS standards
- Conducting annual periodic external audits (inspection control)
- Updating internal regulatory and methodological documents
- Updating the Integrated HSEQ Policy

Climate and environment protection

38,336
tons
the amount of saved CO_2

More information **p. 82**

417.56
RUB mln
environmental protection costs

More information **p. 91**

0
complaints
regarding environmental issues were received by the Company

More information **p. 91**

Recognizing the significance of climate change

Striving for carbon neutrality

Participation of the Company in the climate agenda

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

E Decarbonization of energy mix

Activity	Result 2022	Target 2023	UN SDG
Renewable capacity installed MW	260.49	291	7, 13
CO_2 emissions intensity g/kWh	438	448	13
Climate strategy and climate risks	TCFD reporting (partial disclosure), climate risks identified	Draft of Climate agenda governance roadmap	13

MATERIAL TOPIC

Decarbonization of the energy mix

EL5-Energo PJSC is a major player in the Russian energy market, so we are committed to prioritizing the reduction of our carbon footprint in order to increase carbon neutrality to mitigate climate change. As a power generation company, we recognize the importance of the climate agenda and our ability to influence the decarbonization of the Russian economy by reducing the carbon footprint of energy generated by the Company's power plants. The largest contributor to our carbon footprint today is the process of power generating electricity by our thermal power plants, which is why along with the development of green energy, our work is also focused on improving the efficiency of thermal power plants.

1 TCFD (Task Force on Climate-related Financial Disclosures) – Task Force on the Disclosure of Financial Information Related to Climate Change, at the Financial Stability Board). TCFD develops guidelines on voluntary disclosure of information about the financial risks of companies that arise in connection with global climate change.

Energy transition and decarbonization of the energy mix

GRI 3-3

We are confident that consistent efforts to reduce emissions associated with energy production will contribute to the development of the decarbonization process in other industries as well. EL5-Energo PJSC is an active member of major Russian business and industry associations, which allows us to participate in legislative activities on the development of the green power generation and to count on government support in this direction.

The main tools for reducing emissions are: increasing in the share of green generation, choosing cleaner fuel and increasing the efficiency of the equipment that runs on them.

We are committed to disclosing reliable information about the Company's position on the climate agenda. As a guide, we use the best Russian and international practices, in particular, this chapter (sections "Climate agenda governance", "Climate Strategy" and "Greenhouse gas emissions") is prepared in partial compliance with the recommendations of the TCFD[1].

We are committed to disclosing reliable information about the Company's position on the climate agenda

Development of renewable energy

We are interested in further development and expansion of our portfolio of renewable projects in various regions of Russia. The most important event of 2022 for us was the commissioning of Kola wind farm, the second wind farm of our Company.

Renewable facilities

Name	Capacity	Generation / year	Prevented CO_2 emissions / year	Location	Commercial operation date
Azov wind farm	90.1 MW	320 GWh	About 260 ths tons	Rostov Region	May 2021
Kola wind farm	201 MW (as of December 31, 2022, 84% of the design capacity was commissioned – 170.4 MW)	750 GWh	About 600 ths tons	Murmansk Region	March 2023

Azov wind farm

26
WTGs
wind farm of Azov WPP

268
mln kWh
total generation of green electricity by Azov WPP in 2022

Azov wind farm consists of 26 wind turbine generators (WTGs). The installed capacity of each WTG is 3.465 MW.

At the end of 2022, the Azov wind farm generated 268 mln kWh of green electricity that is 3.5% of the total electricity generated by renewable energy objects built under the CSA RES program in Russia. The plant is the first wind power plant of the Unified Energy System of Russia to use remote control technology for both active and reactive capacity of the generating equipment.

The wind farm is connected to the Unified Energy System by a 50-kilometer 110 kV high-voltage transition line. The transition line ensures high reliability of power supply.

For more details on wind farm management, see the **"Innovations, digitalization and information security"** section

COMPLEX THINGS MADE EASIER

What is generator capacity?

Active capacity, the so-called effective one. It is used to operate all electrical appliances.

Reactive capacity, the so-called unnecessary one. It is the capacity that circulates between the power supply and the connected appliances. It results from the peculiarities of the equipment and the laws of physics.

Kola wind farm

57
WTGs
wind farm of Kola WPP

750
mln kWh
of green electricity will by produced by Kola WPP after the commissioning of second stage in the first quarter of 2023

Kola wind farm, partially put into commercial operation in December 2022, is the world's largest wind farm beyond the Arctic Circle and consists of 57 wind turbines generators covering an area of 257 hectares.

It is connected to the power network by a 70 km long 150 kV transition line. After the commissioning of second and final stage of the remaining capacity, scheduled for the first half of 2023, Kola wind farm will be able to generate about 750 GWh of green electricity per year, which will prevent greenhouse gas emissions in the amount of about 600 ths tons of eq. CO_2 per year.[1]

For more details on the construction and operation of wind farms, see the **Annual Report**

1 Excluding indirect greenhouse gas emissions.

GRI 201-2

GRI 3-3

TCFD. Governance

Climate agenda governance

For more details about other international documents, see the Company's **website**

Regulatory documents

External documents

- Decree of the President of the Russian Federation No. 666 of 2020 on Reducing Greenhouse Gas Emissions
- Federal Law No. 296-FZ "On Limiting Greenhouse Gas Emissions" dated July 2, 2021
- Strategy of socio-economic development of the Russian Federation with low greenhouse gas emissions until 2050 approved by Decree of the Government of the Russian Federation No. 3052-p dated October 29, 2021
- Other international documents that can be found on the Company's website

In our Company, colleagues of various positions from various functional areas handle the governance of climate agenda. Such heterogeneity of management levels is due to the specifics of our business and allows us to find out a fast solution for important topics.

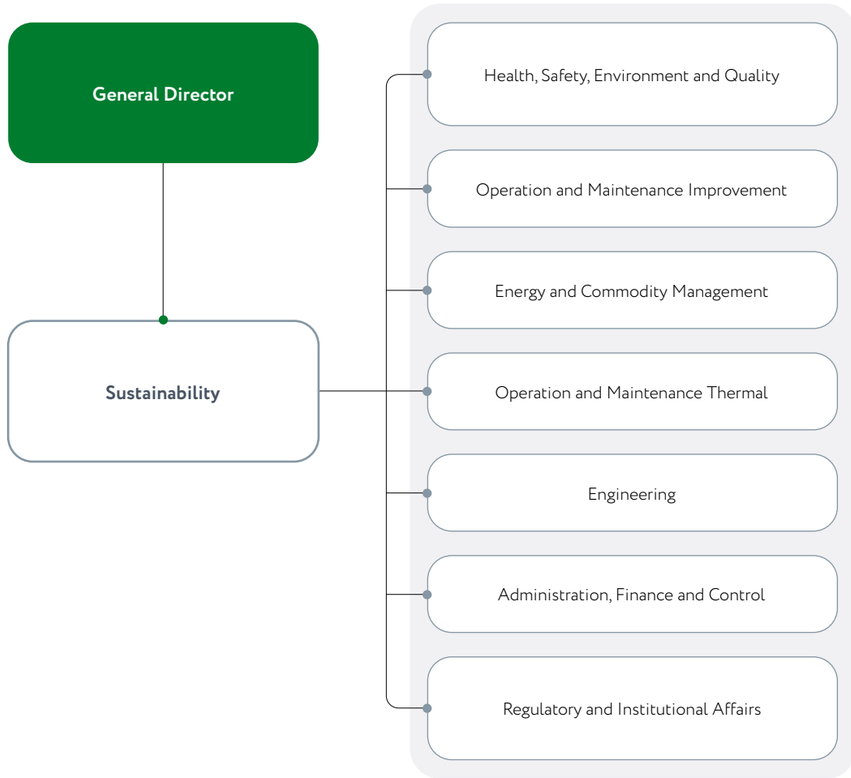
General Director carries out the top-level management of the climate agenda. He regularly monitors all issues related to energy efficiency and greenhouse gas (hereinafter referred to as GHG) emissions. In case of critical issues or significant innovations in this area, the General Director presents them at a meeting of the Board of Directors.

In addition to the General Director, climate issues are partially managed by the Strategy and ESG Committee of the Board of Directors, which oversees the ESG agenda in the Company and considers relevant issues at its meetings.

For more details on the responsibilities of the Strategy and Sustainability Committee, see the **"Corporate governance structure"** section

At the operational level, climate change adaptation management is divided according to the goals and objectives of the process. Sustainability Unit is consolidating all of them and handles the development of general strategy with the support of:

- HQ Ecology Department responsible for data consolidation and calculation of GHG emissions, with the support of the Security and Services Unit and the Ecology Departments at the power plants responsible for collecting initial data for calculations;
- Operation and Maintenance Improvement and the Energy and Commodity Management responsible for the consolidation of energy consumption data;
- Operation and Maintenance Thermal, the Operation and Maintenance Improvement and the Engineering responsible for the introduction of energy efficient technologies;
- the Administration, Finance and Control that provides support in assessing the financial impacts of climate change;
- Regulatory and Institutional Affairs responsible for timely monitoring of legislative changes and consulting support for adapting the Company's strategy to them.



General Director carries out the top-level management of the climate agenda

GRI 201-2

TCFD. Strategy

TCFD. Risk Management

IF-EU-110a.3.

Climate strategy

In 2021, the Company conducted a short-, medium-, and long-term climate risk assessment. Depending on the type of generation (thermal, renewables) and the geographical location of the facilities, the risks and opportunities for each asset were examined. During the assessment, we took into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We examined the risks and their components that could potentially affect the Company through 2050 using three key climate scenarios:

- "Paris" scenario (SSP1-2.6): bold mitigation measures to keep temperature rise within 2°C;
- "Slow transition" scenario (SSP2-4.5);
- "Worst case scenario" (SSP5-8.5): no mitigation measures.

The final register included both physical and transitional risks, as well as opportunities for the Company related to climate change. Each risk or opportunity is assigned to an appropriate category. The creation of this register is one of the stages in the implementation of our plans to develop and adopt the Company's climate strategy with a detailed action plan, including the management of the risks that are most likely to materialize.

Register of Company risks and opportunities related to climate change

Risk Category	Risk type	Risk component	Thermal generation	Wind generation
Regulatory risks	Transition risks	Changes in climate-related disclosure requirements for public companies at stock exchanges	+	+
	Opportunity	Changes in subsidies (rules and/or amounts)	–	+
	Transition risks	Payments for direct GHG emissions	+	–
Market risks	Opportunity	Increasing demand for green energy	–	+
	Transition risks	Gas price growth	+	–
	Transition risks	Change in social and economic attitude to electricity and heat consumption	+	–
Reputation risks	Opportunity, Transition risks	Stricter ESG rating requirements	+	+
Change in temperature profiles	Physical risks	Change of the temperature of water in rivers used for cooling of GRES	+	–
	Opportunity	An increase in the number of high temperature days in the summer period	+	+
	Physical risks	An increase in average summer temperature	+	–
	Opportunity	Change in heat extremes	+	–
Change in wind profiles	Physical risks	Change in wind speed	–	+

Risk type legend

Physical risks · Transition risks · Opportunity

COMPLEX THINGS MADE EASIER

What is the difference between physical risks and transition risks?

Physical risks – risks associated with natural events resulting from climate change, such as droughts, floods, hurricanes, as well as ordinary climatic events that are not characteristic of a particular climate zone or season.

Transition risks – risks arising from the transition to a low-carbon economy, which may be associated with both legislative regulation and the revision of investment policies by institutional investors, as well as an increase in the cost of borrowed capital.

For each of the components that make up one or the other category, the potential impact on the business was examined in terms of both emerging risks and in terms of additional emerging opportunities.

Negative effects

- Decrease in demand
- Reduction of power plants efficiency
- Rise in the cost of borrowing
- Imposition and increase of fines

Positive consequence

- Increased demand, especially for green power
- Improved competitiveness
- Reduced costs and government subsidies for renewable generation development

For the most probable risks, a preliminary financial assessment of their potential realization and scenario analysis were performed. The analysis considered the risks and opportunities in each category. Five risks and three opportunities were identified as the most likely.

Risks

- Change in the temperature patterns of reservoirs
- Change in wind speed
- Increase in gas prices
- Payment for direct GHG emissions
- Increase in average temperatures in summer

Opportunities

- Stricter ESG-rating requirements
- Increasing competitiveness
- Change in social and economic attitude to electricity and heat consumption

...As well as other risks and opportunities.

The assessment was carried out for the period up to 2030. The key indicator used in the risk assessment was the degree of risk impact on EBITDA. The final risk assessment was calculated as an arithmetic average for all three climate scenarios, assuming that all scenarios considered were equally probable.

The greatest financial loss to the Company could be caused by the increase in water temperature in reservoirs, and the largest potential benefit can come from the introduction of green financing tools and increasing investment attractiveness through the implementation of a sustainability strategy and increased requirements for ESG criteria.

Despite changes in the external context, we are on track to reduce our carbon footprint and plan to take further steps towards developing a climate strategy.

Despite changes in the external context, we are on track to reduce our carbon footprint and plan to take further steps towards developing a climate strategy

Greenhouse gas emissions

Key results 2022

In 2022, GHG emissions for the Company as a whole decreased by 1.58% compared to 2021, which, despite the positive trend, reflects the inability to meet the established KPI of 423 g/kWh.

As we work to reduce our carbon footprint, it is important to keep a strict record of our GHG emissions, conduct a factor analysis of their potential negative impacts and share reliable data with stakeholders, as well as monitor trends and changes in current legislation and the energy sector. Recognizing the importance of global climate change and the need to respond, we intend:

- to develop management practices and regularly assess their impact on climate change and the potential impact of climate change on the business, and implement timely adaptation measures;
- consider the physical and transition risks associated with climate change in the regular risk assessment;
- expand renewable generation and increase the installed capacity of low-carbon generation in the Company's overall energy portfolio;
- timely modernize generating equipment and optimize the Company's BoP energy consumption in order to reduce GHG emissions;
- ensure regular monitoring and control of GHG emissions.

COMPLEX THINGS MADE EASIER

Emissions of CO_2 and other GHGs are the primary drivers of climate change.

Greenhouse gases (GHG) – gases with high transparency in the visible range and high absorption in the mid and far infrared ranges. The presence of such gases in the Earth's atmosphere causes the greenhouse effect. The main greenhouse gases present in the atmosphere are water vapour (H_2O), carbon dioxide (CO_2), nitrogen oxide (N_2O), methane (CH_4), sulphur hexafluoride (SF_6) and halocarbons (e.g. chlorofluorocarbons).

Greenhouse effect – an increase in the temperature of the lower layers of the planet's atmosphere compared to the effective temperature, which is the temperature of the planet's thermal radiation observed from space.

GHG emissions monitoring

In 2022, we issued the Guidance for Definition and Calculation of GHG Emissions, which set forth the legal basis for their accounting in the Company, the general mechanism for collecting and analyzing data, the procedure for accounting and reporting, and the roles and responsibilities of departments in collecting initial data and preparing reports on GHG emissions.

We regularly monitor GHG emissions by making calculations in accordance with the Corporate GHG Protocol (hereinafter referred to as the Protocol).[1]

The Company's Scope1 GHG emissions includes emissions in eq. CO_2[2] from:

- CO_2, CH_4, N_2O, formed during the combustion of hydrocarbon fuels for the generation of electric power and heat at thermal power plants, including electricity and heat generated for BoP needs and purchased under the WECM rules;
- CO_2, N_2O and CH_4, generated from the combustion of fossil fuels in vehicles under the Company's control;
- sulfur fluoride (SF_6) formed as a result of SF_6 leaks at the production sites of power plants in the distribution of electric power;
- refrigerants (fluorine-containing gases) and ozone-depleting substances (ODS) in air conditioning systems at power plants and in offices;
- GHG emissions to eq. CO_2 from burning propane (C_3H_8) in case of its use for gas welding by the Company's personnel.

We regularly monitor GHG emissions by making calculations in accordance with the Corporate GHG Protocol

COMPLEX THINGS MADE EASIER

Greenhouse emissions of companies are divided into three scopes.

Scope 1 includes direct GHG emissions that are emitted from sources owned or controlled by the Company, in our case, thermal power plants.

Scope 2 includes indirect emissions associated with generation of electric power, heat or steam purchased by the Company from third parties.

Scope 3 includes all other indirect emissions, i.e. emissions associated with the extraction and production of purchased materials, fuels and services, including transportation in vehicles not owned or controlled by the Company, activities of external contractors, waste disposal, etc.

1 GHG Protocol: https://ghgprotocol.org/.
2 The Company uses a consolidated management method for calculation – the Company is responsible for all quantified emissions and (or) GHG removals in eq. CO_2 from the production facilities under its financial or operational control within specified organizational boundaries.
When defining the corporate boundaries, the Company selected the share control method in consolidation of greenhouse gas emissions in CO_2-eq: with such approach, the Company registers GHG emissions in CO_2-eq according with its share in the capital. The corporate boundaries of the Company are limited by legal entities constituting one group for reporting purposed in compliance with the International Financial Reporting Standards (IFRS).

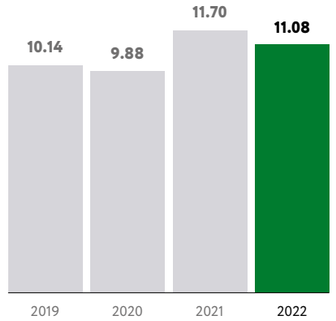
GRI 305-1

IF-EU-110a.1.

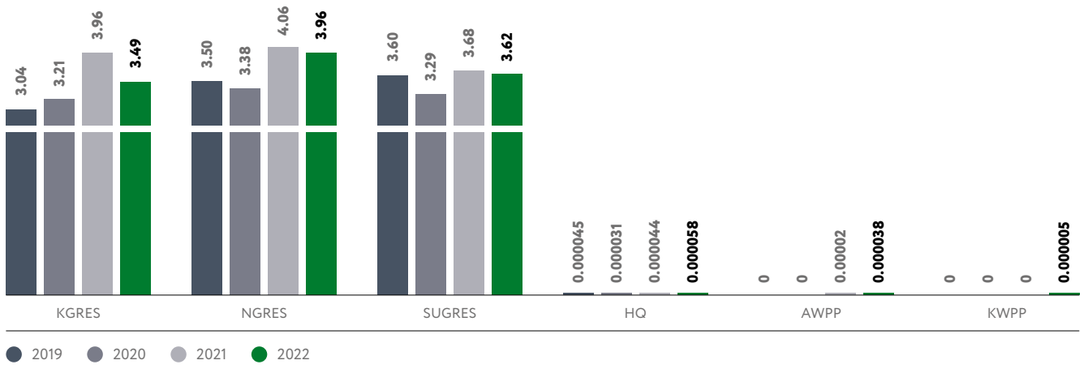
TCFD Metrics

The total volume of Scope 1 GHG emissions in 2022 was 11.079 mln tons CO_2-eq. The main contributor of GHG emissions is thermal generation. Compared to 2021, its direct GHG emissions in the reporting year decreased by 5.3% (0.6 mln tons CO_2-eq) that is explained by a decrease in the total net power and heat output by 4%.

Scope 1 GHG emissions dynamics, total for the Company, mln tons CO_2-eq.[1]



Scope 1 GHG total emissions dynamics by power plant, mln tons CO_2-eq.[1]



GRI 305-2

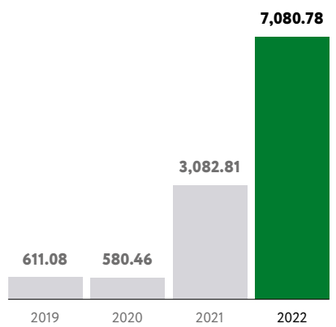
GRI 305-3

The Company's indirect greenhouse gas emissions include GHG emissions in CO_2-eq. from generation of electric power, which we purchase from the grid:

- for launch the equipment in case of plant shutdown with loss of BoP needs;
- forced shutdown of wind turbines due to adverse weather conditions or need to maintain equipment performance;
- BoP power supply at remote facilities;
- power supply, lighting and heating of offices, according to the Company's share of ownership.

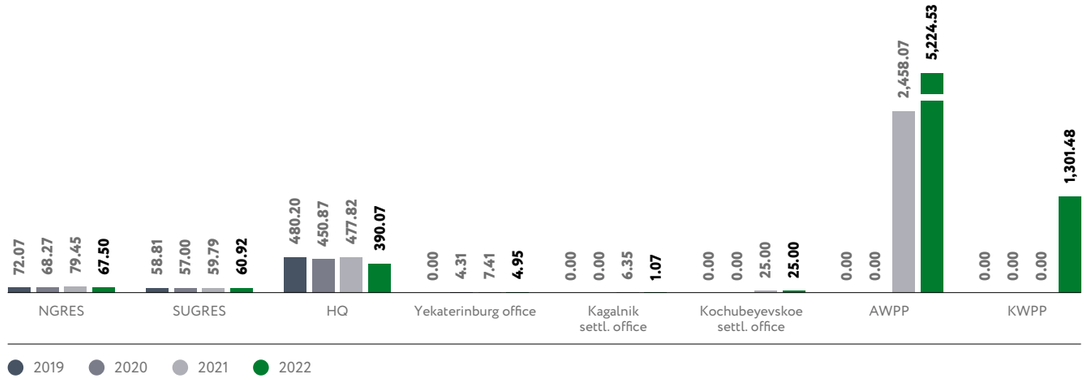
Indirect GHG emissions from power plants of the Company's thermal generation calculated based on data on electric power purchased from external sources for BoP needs of remote facilities.

Scope 2 GHG emissions dynamics, total for the Company, tons CO_2-eq.[1]



1 For 2019-2021 data, a recalculation adjustment has been made.

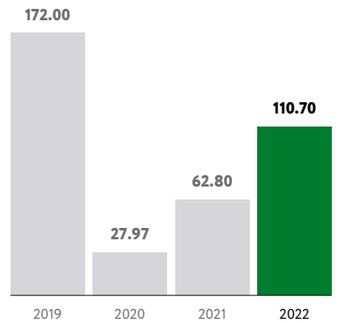
Scope 2 GHG total emissions dynamics by power plant, tons CO_2-eq.[1]



The main contributors to the total amount of the Company's indirect GHG emissions are Azov and Kola wind farms. This is due to the electric power purchase during forced shutdown of the wind turbines caused by weather conditions and the need to maintain equipment operability during scheduled wind farms shutdowns. Compared to 2021, the volume of indirect CO_2-eq. emissions increased by 56% in 2022, which is associated with an increase in the volume of purchased electricity for RES.

In order to avoid double counting of energy consumption sources in the calculation of GHG in CO_2-eq. and in accordance with the requirements of the Protocol, the Company declares that the consumption of electricity and heat for the BoP needs of its generating facilities takes place, but the GHG emissions associated with their generation are included in the calculation of Scope 1 direct GHG emissions, with the exception of remote facilities powered by external transformer substations. At Nevinnomysskaya GRES this facility is the Barsuchkovsky water intake, at Sredneuralskaya GRES it is the central warehouse, the fire department building and the dam.

Scope 3 (air flights) GHG emissions dynamics, total for the Company, tons CO_2-eq



There are no indirect GHG emissions at Konakovskaya GRES due to the absence of remote facilities powered by the external grid.

Other indirect GHG emissions in CO_2-eq. recorded from air travel for employee business trips.

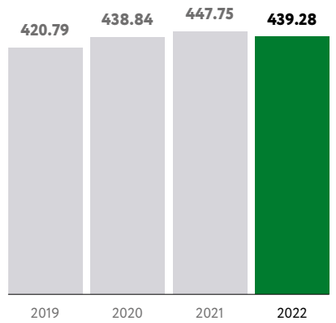
Compared to 2021, the volume of other indirect CO_2-eq emissions nearly doubled in 2022, driven by a corresponding increase in employee air travel.

GRI 305-4

Specific GHG emissions are calculated by the Company according to two approaches. The first one is the ratio of the total amount of GHG emitted within Scopes 1 and 2 to the total net electricity and heat output in electrical equivalent, including the net power output from alternative energy sources of Azov and Kola wind farms.

$$\frac{\text{Total GHG emissions (Scopes 1 and 2)}}{\text{Total net electricity and power output}}$$

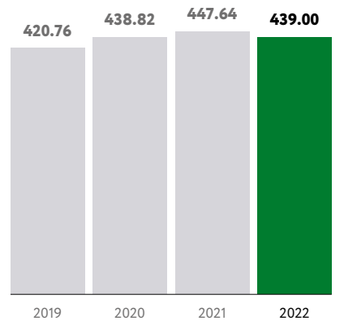
Company's total specific GHG emissions, total for the Company (Scopes 1 and 2), grams eq. CO_2-eq. / kWh[1]



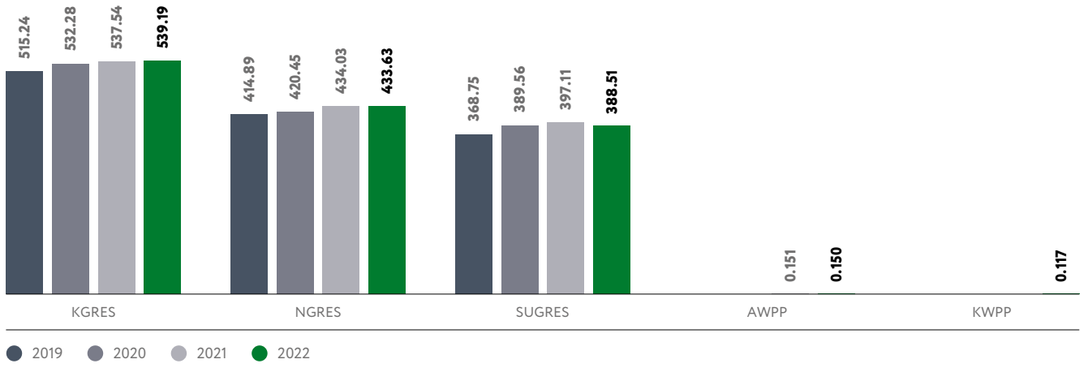
The second approach is the ratio of the amount of GHG emissions within Scope 1 to the total net electricity and heat in electrical equivalent, including the net power output from alternative energy sources of Azov and Kola wind farms.

$$\frac{\text{Total GHG volume emissions (Scope 1)}}{\text{Total net electricity and heat output}}$$

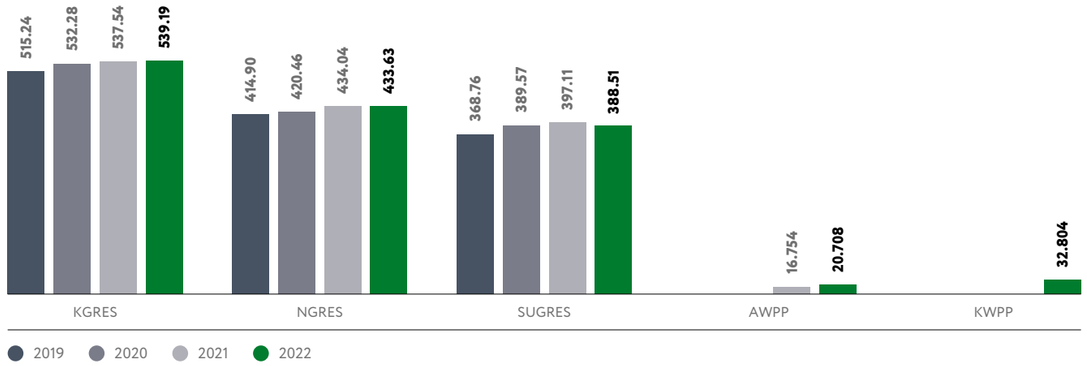
Company's specific GHG emissions, total for the Company (Scope 1), grams of CO_2-eq. / kWh[1]



Company's specific GHG emissions by power plant (Scopes 1 and 2), grams eq. CO_2-eq. / kWh[1]



Company's specific GHG emissions, by power plants (Scope 1), grams of CO_2-eq. / kWh



In 2022, the amount of specific GHG emissions decreased by 2% and amounted to 439 grams of CO_2-eq. /kWh. The reason for its decline was a decrease in the total net output of thermal generation by 4%.

439

grams of CO_2-eq. / kWh

the amount of specific GHG emissions in 2022

1 For 2019-2021 data, a recalculation adjustment has been made.

Specific CO_2 emissions KPIs

We intend to gradually reduce the specific GHG emissions indicator by implementing plans to modernize existing thermal generation equipment and load the most efficient units

As part of the Company's commitment to contribute to the achievement of the UN Sustainable Development Goals (UN SDGs), particularly SDG 13 "Take urgent action to combat climate change and its impacts", our Company has developed and approved the Sustainability plan for 2023. We intend to gradually reduce the specific GHG emissions indicator by implementing plans to modernize existing thermal generation equipment and load the most efficient units. In 2022, actual specific CO_2 emissions including net power output from wind generation were 438 grams / kWh with an installed KPI of 423 grams / kWh.

The inability to achieve the KPIs is due to a number of factors, including:

- reduction in the average load, an increase in the number of unit starts and the forced operation of inefficient units at the request of the system operator;
- 40 GWh decrease in the Azov wind farm's net electricity output compared to the production program due to the low readiness of equipment to bear the load in winter and autumn, and the low wind potential in the summer of 2022;
- delay in the commissioning of the Kola wind farm.

GRI 305-5

Saved CO_2

We evaluate not only the CO_2 emissions generated, but also consider the effectiveness of our initiatives to reduce them. One of the criteria for our evaluation is the amount of CO_2 saved.

Saved CO_2 emissions in the Company are related:

- to an increase in the efficiency of the fuel combustion process (reduction in specific fuel consumption);
- improving the quality of equipment maintenance and operation modes;
- increasing energy efficiency, reducing energy consumption.

COMPLEX THINGS MADE EASIER

Saved CO_2 is the reduction of CO_2 emissions through the implementation of energy efficiency initiatives.

We divide measures to reduce energy consumption or improve energy efficiency into three main groups

Measures related to changes in personnel behavior

- Separate waste collection and handing over the most of separated waste for disposal
- Improve the equipment operation culture in terms of prompt identification and elimination of equipment defect
- Rational use of water resources
- Improvement of quality of maintenance works, etc

Measures related to process changes

Adoption of environment-friendly and innovative technologies, including:

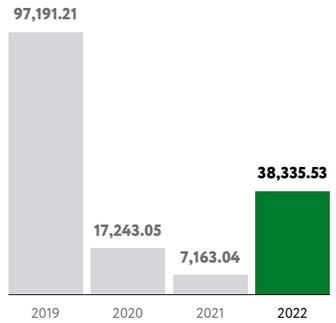
- adaptive illumination
- heating
- air-cooling
- installation of turbo-expanders
- electric vehicle charging stations, etc.

Measures related to equipment modernization/reconstruction

- Technical refurbishment and reconstruction of existing equipment

In 2022, the amount of saved CO_2 was 38,336 tons as a result of the implemented activities, such as the technical refurbishment of power unit No. 3 of Konakovskaya GRES, the reconstruction of turbo unit No. 4 of Nevinnomysskaya GRES, the modernization of shut-off and control valves and the technical refurbishment of the lighting network of Sredneuralskaya GRES.

Saved CO_2 emissions, tons[1]



38,336
tons
the amount of saved CO_2 in 2022

Avoided CO_2

In addition to saved CO_2, the Company keeps a record of the avoided CO_2.

Avoided CO_2 in our Company is associated with the operation of Azov and Kola wind farms. In 2022, it amounted to 200,372 tons and 30,910 tons, respectively. In the volume of avoided CO_2 emissions, indirect GHG emissions from RES facilities associated with the purchase of electric power from external sources to supply BoP needs, are taken into account.

COMPLEX THINGS MADE EASIER

Avoided CO_2 is a reductions in GHG emissions outside the perimeter of the reporting organization that are a direct result of changes in its activities, including (but not limited to) reductions due to increased sales of electric power, steam, hot or cooled water from energy sources that emit less GHG in relative terms than alternative sources of these types of energy distribution.

1 For 2019-2021 data, a recalculation adjustment has been made.

Energy efficiency

EL5-Energo PJSC is a major producer of electricity and heat power and significant contributor to the country's energy system.

For more details on clean energy, see the **"Energy transition and decarbonization of the energy mix"** section

We focus our attention on the main task – to provide consumers with affordable and as clean as possible energy. At the same time, we do not overlook the environmental footprint of our production activities. We are constantly looking for new solutions to improve energy efficiency both in the generation process, in terms of reducing specific fuel consumption, and in terms of reducing the Company's overall energy consumption per unit of energy produced. The implementation of energy efficiency practices is widely developed in the Company and allows us not only to optimize costs and increase economic benefits, but also to reduce the negative impact on the environment.

We distinguish between two main types of energy consumption related to our electricity and heat generation activities. This is due to the fact that generation activities are specific in terms of energy efficiency management.

COMPLEX THINGS MADE EASIER

Energy consumption for production needs – consumption of resources (gas and fuel oil), which are then transformed in the process of generation into electricity and heat power, distributed to consumers.

BoP energy consumption – consumption of resources and energy (electricity, heat, motor fuel, etc.) required to the operation of the Company's infrastructure: equipment, cars, lighting and heating of our plants and offices, etc.

Different functions in the Company are responsible for processes governance and data collecting

	Production needs	BoP energy consumption
Top-level process management	Operation and Maintenance Thermal	Operation and Maintenance Thermal
Fuel consumption monitoring	Power plant's Operation and Maintenance Improvement	Power plant's Operation and Maintenance Improvement
Accounting for consumption of purchased electric power	–[1]	Energy Management
Development of energy efficiency initiatives	Operation and Maintenance Improvement Power Plants' Operation and Maintenance Improvement	Operation and Maintenance Improvement Power Plants' Operation and Maintenance Improvement Power Plants' Operation
Setting goals to reduce specific energy consumption	Operation and Maintenance Improvement	Operation and Maintenance Improvement Power Plants' Operation and Maintenance Improvement

1 Power plants do not buy electricity for production needs.

Although different units within the Company deal with energy issues, the overall focus on improving energy efficiency remains the same. The key document that defines our principles in this area is Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy. This policy includes, among other things, an intention for an efficient energy transition, as well as a provision to comply with the international standard ISO 50001:2018 "Energy Management Systems. Requirements with Guidance for Use", which aims to improve the efficiency of the Company's energy system.

Internal audits were carried out in 2022. As a result of the audits, based on the analysis of documents on the audited processes, the management system was recognized as fully effective.

For more details on the Integrated Management System, see the **"Integrated management system"** section

Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy

Energy consumption

GRI 302-1

GRI 302-3

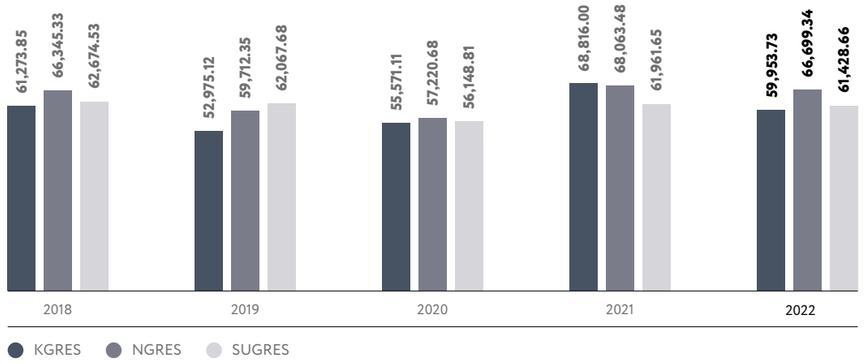
The main fuel of our thermal power plants is natural gas. As a reserve, we use fuel oil. In 2022, the volume of energy consumed for production needs amounted to 188.08 mln GJ. Compared to 2021, our energy consumption for production needs has decreased by 5.7%, which is associated with a lower demand of the system operator for power generation. In addition, the total net output of electricity and heat in 2022 decreased by 3.4% compared to 2021.

BoP energy consumption amounted to 9.33 mln GJ, which includes:

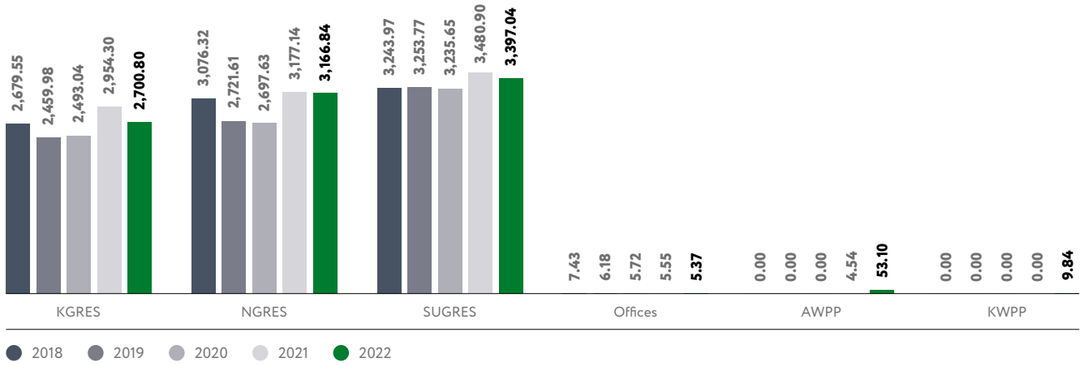
- fuel consumption for portable generators;
- consumption of gasoline and diesel for the Company's transport;
- electricity consumption for lighting, air conditioning and technical needs of offices and industrial premises;
- heat consumption for heating.

188.08
mln GJ
the volume of energy consumed for production needs in 2022

Total energy consumption for production needs, ths GJ



Total BoP energy consumption, ths GJ[1]

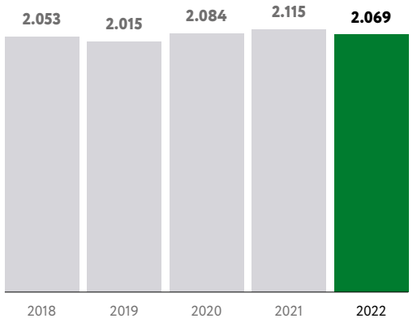


197.41
mln GJ
total energy consumption in 2022

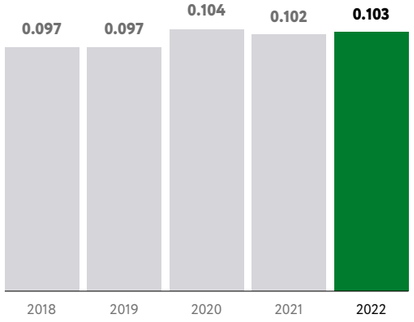
Total energy consumption in 2022 was 197.41 mln GJ, showing a decrease by 5.6%, mainly due to reduced production needs.

Despite the overall decrease in energy consumption, our most significant indicator in energy efficiency is the specific energy consumption per unit of energy produced.

Specific energy consumption per unit of energy produced, GJ/GJ



Specific BoP energy consumption per unit of energy produced, GJ/GJ



1 The "Offices" indicator includes data on business centers in Moscow and Yekaterinburg.

Selected energy efficiency projects

GRI 302-4

Sredneuralskaya GRES

In 2022 at Sredneuralskaya GRES the shut-off and control valves of the District Heating Plant and the water treatment system were modernized to reduce the losses of network and feed water to the environment, as measures aimed at increasing efficiency in the production process.

The result of these initiatives – **28.9 ths GJ** were saved.

Konakovskaya GRES

In 2021, major repairs of power unit 3 at Konakovskaya GRES were carried out. During the maintenance, the following works were performed: replacement of the guide vane at the FD-fan, repairs of the regenerative air preheater, gas and air ducts, turbine cylinders, feed turbopumps, ejectors, and vacuum system.

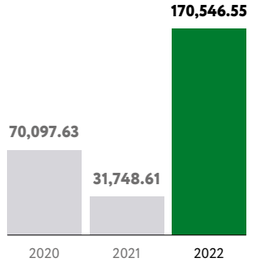
As a result of the works carried out, the volume of energy consumption at Konakovskaya GRES in 2022 compared to 2021 decreased by **128.9 ths GJ**.

Nevinnomysskaya GRES

In 2021, the turbine generator (TG-4) at Nevinnomysskaya GRES was repaired and replaced with a similar turbine. As part of the works, the stop and control valves, the regulating system, the oil system, the automation and control devices, as well as auxiliary pumping equipment were also replaced.

The reconstruction carried out in 2021 made it possible to reduce energy consumption in 2022 by **12.7 ths GJ**.

Total reduction in energy consumption as a result of energy saving initiatives, GJ



The significant increase in the reduced volume of energy consumption is associated with the following factors:

- effect from the reconstruction of turbine generator (TG-4) at Nevinnomysskaya GRES was obtained in 2022, as the reconstruction was completed on schedule in December 2021;
- effect of the maintenance and repairs of power unit 3 was achieved in 2022, as the maintenance was completed on schedule in November 2021.

Responsible attitude to the environment

For full version of the Sustainability plan, see the **website**

Environmental management

Activity	Result 2022	Target 2023	UN SDG
Specific fuel consumption reduction g/kWh	311.1	315.6	12, 13
Reduction of specific water consumption for production needs m^3/kWh	0.316	0.304	6, 12
Share of recovered and neutralized waste[1] %, at least	N/A	50	12
Circular economy initiatives projects per year	0	1	12
Reduction of paper consumption reduction of the pages printed, %	4	–4	13
Engagement of the cities in the circular economy projects and initiatives number of new cities joined the project	0	1	13

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

MATERIAL TOPIC

Environmental management

Environmental responsibility – a key component of the development strategy for any sustainable business. We, EL5-Energo PJSC, make significant efforts not only to comply with environmental standards and environmental laws, but also to implement voluntary initiatives aimed at protecting the environment and biodiversity. The developed environmental measures and responsible environmental management allow us to consistently reduce the risks and maximize operational efficiency. Implementing the principles of the circular economy, together with the rational use of natural resources, is part of our contribution to reducing the Company's carbon footprint.

1 The ratio of the amount of recovered and neutralized waste during the year to the total amount of waste transferred for recovery, neutralization, placement (disposal) to third parties and placed (disposed) at own placement (disposal) facilities.

Regulatory documents

Internal documents

- Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy
- Environmental Policy
- Biodiversity Policy
- Policy on Rejection of Single-Use Plastic
- Other internal and external regulatory documents that can be found on the Company's website

Environmental Policy

GRI 3-3

We strive to continuously reduce the negative impact of our operations on the environment, paying particular attention to the issues of reducing emissions into the atmosphere, preserving biodiversity and sustainable use of natural resources, as well as implementing the circular economy principles.

The Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy sets out our commitment to continuously improve our environmental performance, reduce negative environmental impacts and comply with Russian and international standards.

Strategically important documents on environmental protection are designed to build a system of objectives for all environmental aspects of the Company's activities, the effective management of which will ensure the achievement of the Sustainable Development Goals.

In 2022, we updated the internal regulation "Waste management guidelines", in order to improve the efficiency of control over the activities of contractors providing transportation and waste management services.

In 2022, we continued to implement the supplier environmental assessment process introduced in the Company in 2020, which includes assessing the environmental performance of our counterparties.

Environmental management is carried out in the Company at various levels. At the top level, environmental control is the responsibility of the General Director and the Head of Generation. The Head of HSEQ ensures the functional interaction of all divisions of the Company on issues related to the competence of his/her division, determines the main activities of the HQ Ecology Department and the Ecology Departments of power plants, maintains the operation of the integrated management system (IMS). The HQ Ecology Department and the Ecology Department of power plants are accountable to the Head of HSEQ and responsible for environmental compliance and control in this area. The Head of the HQ Ecology Department determines the work plan of the Group and the Ecology Departments and is responsible for achieving the goals in this area. The Heads of the Power Plants are responsible for the implementation of the environmental strategy and the management of environmental issues at the local level.

For more details, see the **"Sustainable supply chain development"** section

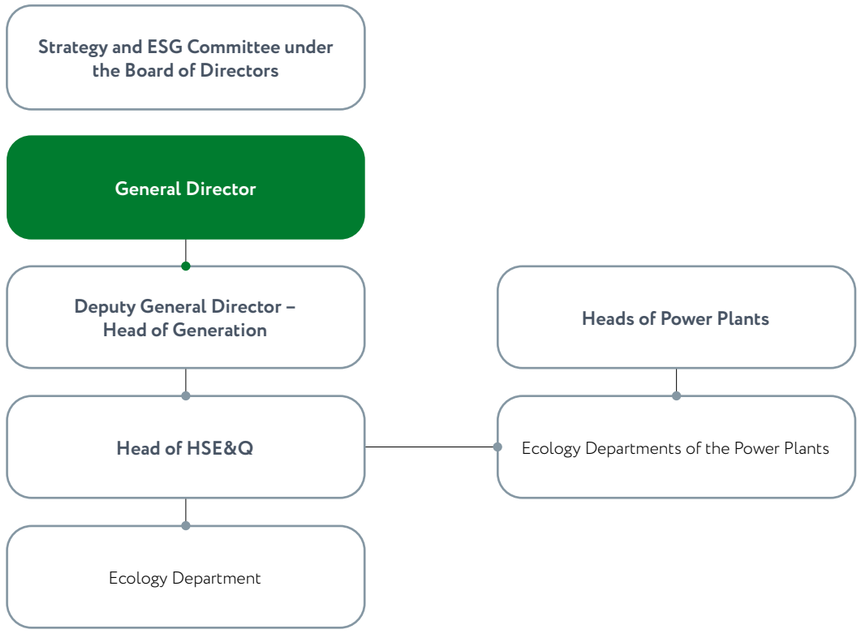
Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy

Biodiversity Policy

Policy on Rejection of Single-Use Plastic

Regulatory documents

Environmental management system



We ensure the operation of the IMS on Health, Safety, Environment, Quality and Energy Efficiency of the effectiveness of environmental management

In addition, the HQ Ecology Department is responsible for:

- ensuring timely preparation of environmental reports;
- monitoring the availability of up-to-date environmental permits, organizing and supporting their revision, correcting and obtaining new ones;
- continuous monitoring of changes in environmental legislation and ensuring the implementation of changes in the Company's activities;
- evaluation of environmental activities;
- maintaining constant interaction with all Company units in key environmental areas in the planning and implementation of projects;
- participating in the strategic planning of the Company's activities on the main production issues, plans for the development and modernization of generating equipment;
- cooperating with relevant organizations, industrial associations, state authorities at the federal and regional levels and local communities to build a constructive dialogue with all stakeholders on environmental issues.

In order to ensure the solution of the environmental protection issues in accordance with international principles and best practices, the HQ Ecology Department pays special attention the integrated management system ISO 14001:2015, which is our main tool for managing environmental activities.

We ensure the operation of the IMS on Health, Safety, Environment, Quality and Energy Efficiency of the effectiveness of environmental management is carried out as part of the annual review of the IMS by the management.

For more details, see the **"Integrated management system"** section

We maintain positive and constructive relationships with stakeholders: government agencies, environmental institutions and local community representatives. Written and verbal complaints from stakeholders about the environment and environmental protection are subject to mandatory registration and internal investigation. We ensure that feedback is provided to the complainant.

0
complaints
regarding environmental issues were received by the Company in 2022

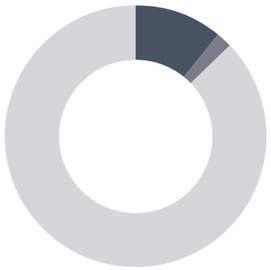
Environmental protection costs

In 2022, total environmental protection costs, including capital expenditures, current (operational) costs and environmental services costs, amounted to RUB 417.56 mln.

Environmental protection costs, RUB mln

Capital expenditures	**267.56**
Current operational costs	**100.08**
Environmental services costs	**49.92**

Distribution of capital expenditures by power plants, %



KGRES	11
NGRES	2
SUGRES	87
AWPP	0

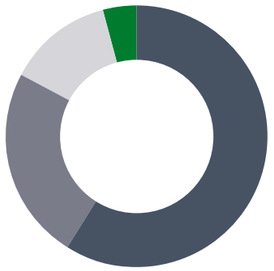
The main share in the structure of capital expenditures in 2022 falls on the construction of a wastewater collection and treatment system at Sredneuralskaya GRES.

Distribution of current (operational) costs by power plants, %

KGRES	22
NGRES	45
SUGRES	33
AWPP	0

The main share in the structure of current (operational) costs in 2022 falls on the salaries of those responsible for environmental protection.

Distribution of costs for environmental services by power plants, %



KGRES	59
NGRES	24
SUGRES	13
AWPP	4

The main share in the structure of costs for environmental services in 2022 falls on the implementation of the project to eliminate the sludge pond at Konakovskaya GRES and payment for waste management services.

Due to the fact that Kola WPP was commissioned at the end of 2022, the environmental costs of this subsidiary will be included in the 2023 budget.

GRI 307-1

Compliance with the environmental laws and environmental reporting

Compliance with the environmental regulations and applicable regulatory legal acts and requirements of environmental laws is our top priority. To do this, the Company regularly assesses compliance and participates in the consideration of legislative and other regulatory initiatives of public authorities.

To support the process of continuous engagement, we analyze the current situation on a weekly basis and develop decisions on issues that need to be improved.

To formulate a strategy and action plan for all environmental issues, we use the results:

- of internal audits;
- inspections initiated by public authorities;
- internal and external environmental audits.

The HQ Ecology Department and the Ecology Departments of the Power Plants are responsible for the implementation of these tasks.

In 2022, we paid particular attention to changes in legislation regarding the implementation of anti-crisis measures, in waste management and greenhouse gas emissions management. In 2022, the HQ Ecology Department continued the monitoring of decisions taken within the "regulatory guillotine" launched in 2021 and informed the power plants about them.

According to Decree of the Government of the Russian Federation No. 440 dated April 3, 2020 and No. 353 dated March 12, 2022, the validity of certain permits was extended, including agreements and decisions on water use, permits for emissions, conclusions of the state environmental expert examination.

Areas of work of the Company in compliance with environmental laws in 2022:

- implementation of the provisions of Federal Law No. 207-FZ dated July 13, 2020 aimed at improving state regulation measures in terms of preventing and eliminating oil and oil product spills. At all power plants, plans are being developed and implemented for preventing and eliminating spills of oil and oil products, in accordance with new requirements;
- participation in the discussion and implementation of Federal Law No. 296-FZ "On the Limitation of Greenhouse Gas Emissions" dated July 2, 2021 and Federal Law No. 446-FZ dated December 30, 2021 in terms of new requirements for certain hazardous production facilities planned for decommissioning;
- participation in the work of the technical working group of the Bureau of BAT (Best Available Technologies) on the update of the Information and Technical Handbook (ITH) on the Best Available Technologies ITH 38 "Combustion of fuel at large installations for electric power generation". The updated version of ITH 38-2022 was approved by order of Rosstandart on December 20, 2022. The establishment of process indicators of the best available technologies for fuel combustion at large installations for electric power generation is a prerequisite for the preparation of materials for an integrated environmental permit as part of the transition to a new system of environmental regulation 2023–2024;
- monitoring the implementation of Federal Law No. 34-FZ "On the Conduct of an Experiment to Limit Greenhouse Gas Emissions in Certain Constituent Entities of the Russian Federations" of March 6, 2022 effective from September 1, 2022, as part of the implementation of the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050. In accordance with this Federal Law, from September 1, 2022, regulatory legal acts regulating the maintenance of the state register of carbon units and the implementation of climate projects also came into force;
- monitoring the development of climate projects by Russian companies, analyzing the potential for the Company taking into account the criteria for compliance with climate projects of initiatives, demand for carbon units to meet greenhouse gas emission quotas, goals to achieve carbon neutrality and reduce the carbon footprint.

>70

environmental reports

were submitted in full and on time as part of the preparation and submission of state and corporate environmental reports

"Regulatory guillotine"

Website of the Ministry of Economic Development of the Russian Federation

Website of control, supervision and licensing activities

In 2022, we continued to implement projects to digitalize environmental reporting, automating the calculation of pollutant emissions from the Nevinnomysskaya GRES.

Environmental reporting digitalization

We use a corporate data warehouse to aggregate and collect data on environmental performance that allows employees to quickly input raw data and generate corporate reports on pollutant emissions, greenhouse gases, waste generation and other indicators.

In 2022, we continued to implement projects to digitalize environmental reporting, automating the calculation of pollutant emissions from the Nevinnomysskaya GRES.

Environmental audits conducting

On an annual basis, the Company undergoes both internal and external audits of the environmental management system. The Internal Audit Group is responsible for conducting annual environmental audits, scheduled inspections are carried out by the HQ Ecology Department.

The Company is also subject to regular state inspections. In 2022, due to the adoption of Decree of the Government of the Russian Federation No. 336 "On the specifics of the organization and implementation of state control (supervision), municipal control" dated March 10, 2022 no environmental audits were carried out in relation to the Company.

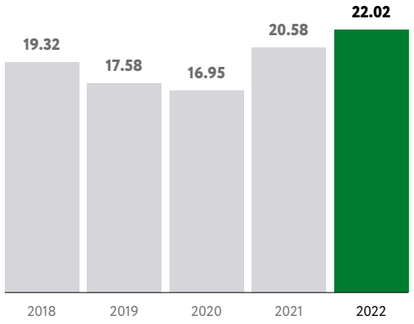
In order to comply with the requirements of environmental legislation and to organize the rational use of natural resources, we update the list of projects for implementation, monitor their progress and adjust our targets on annual basis.

GRI 305-7

Pollutant emissions

Increasing the level of environmental safety of our current and future production activities is one of the Company's strategic goals. We have a comprehensive approach to environmental protection, including the protection of atmospheric air.

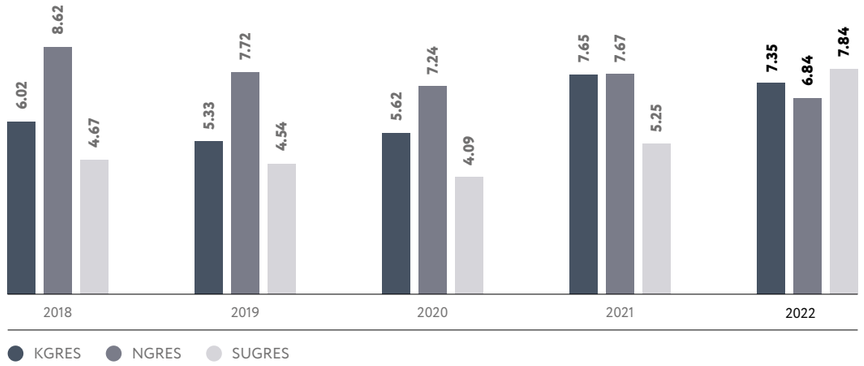
Total emissions of pollutants from thermal generation, ths tons



In accordance with Environmental policy, we commit to strive to reduce emissions of pollutants into the air and for this purpose:

- We regularly check the efficiency of the equipment and take appropriate measures if necessary
- We introduce new technological solutions
- We carry out regular monitoring of atmospheric air quality in the area of impact of power plants and control of emissions of pollutants into the atmospheric air

Total emissions of pollutants by power plants[1], ths tons



Environmental policy

Emissions of main pollutants by type, tons

Category	2018	2019	2020	2021	2022
NO_x	15,231	13,738	13,252	16,399	18,844
SO_x	123	217	252	408	314
Volatile organic compounds (VOC)	31	31	31	31	30
Fuel oil ash	0	1	1	2	2
CO – carbon monoxide	3,675	3,371	3,194	3,471	2,775
Total	**19,315**	**17,583**	**16,953**	**20,578**	**22,021**

The Company's total emissions of pollutants into the atmosphere increased by 1,443 tons, or 7% in the reporting period compared to the previous year. With a decrease in the net electricity and heat power by 4% in 2022 compared to 2021, actual pollutant emissions increased due to the transition to industrial environmental monitoring using an instrumental method of measuring pollutant emissions at Sredneuralskaya GRES based on the results of the 2021 inventory.

In 2022, emissions of harmful pollutants were within the limits of the maximum permissible emissions standards for all power plants. This is confirmed by the data of industrial environmental monitoring. We exercise control by using computational and instrumental methods of control.

To ensure the timely receipt of integrated environmental permits, all power plants are working to prepare the necessary materials and documents.

For more detailed data on pollutant emissions, see the ESG databook on the **website**

1 Emissions of pollutants from thermal generation

Responsible water use

The generation of electricity and heat is a rather water-intensive process. In this regard, we recognize the primary need to reduce the consumption of water and energy resources for both industrial and household needs. In accordance with the objectives set out in the Environmental Policy, the Company is committed to:

- Manage water resources responsibly, paying special attention to regions with water stress
- Reduce water intake and increase water reuse
- Prevent pollution of water bodies
- Reduce the volume and level of wastewater pollution
- Increase the energy efficiency of equipment using innovative approaches

GRI 303-1
GRI 303-2
IF-EU-140a.3.

Water Consumption

Konakovskaya GRES and Nevinnomysskaya GRES have a once-through water supply system, and Sredneuralskaya GRES has a recirculating (closed) system. The Company is constantly developing and implementing initiatives to reduce the consumption of water resources, such as:

- application of closed cycles of water consumption;
- modernization of processes and water consumption schemes;
- elimination of sources of losses and irrational use of water;
- application of a system for measuring and accounting for consumed water resources.

We provide control over compliance with the regulations established in the relevant permits of the power plants. For these purposes we:

- regularly monitor the volume of water consumption at all water intakes;
- equip the main water intakes with commercial water metering devices;
- at the water intakes that are not equipped with flow meters, determine the water consumption volumes by calculation based on water consumption standards.

We provide control over compliance with the regulations established in the relevant permits of the power plants

COMPLEX THINGS MADE EASIER

What is a closed water cycle?

A closed water consumption cycle is a water circulation scheme that involves the treatment of water used in the production cycle and its direction for further use.

In contrast, **once-through water supply** provides for supply of water to consumers and its discharge into the reservoir after use.

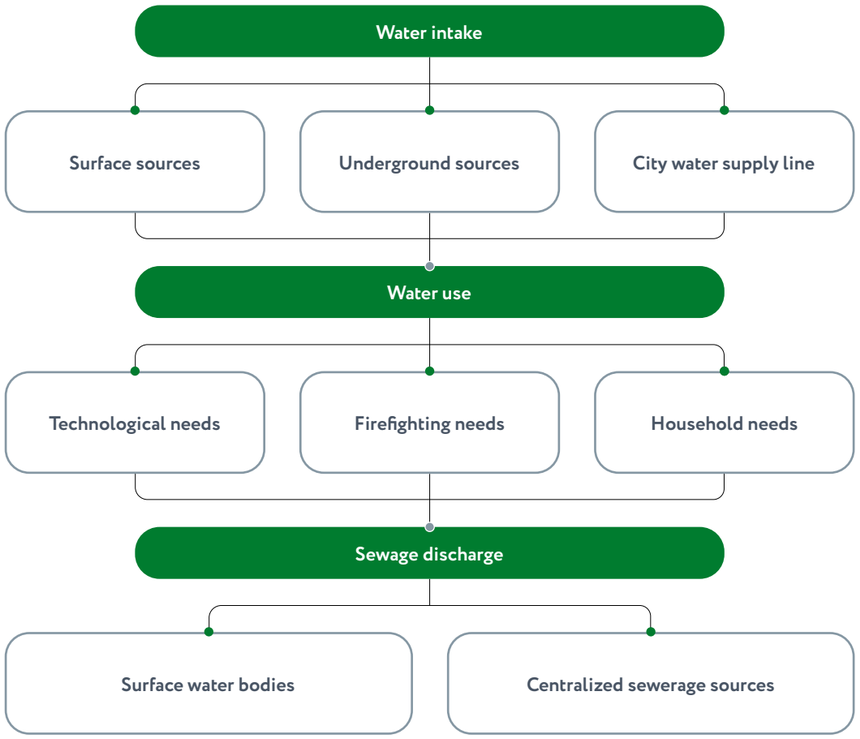
In 2022, water consumption at all the power plants of the Company was within the established standards.

The main type of water intake for the process of[1] electric power generation is water intake from surface water bodies. The Company also carries out water intake from underground sources. The water consumption scheme[2] is given below and explains the types of water intake sources, the purposes of water use and the ways of its discharge.

240 m^3
water consumption for domestic needs of Azov WPP in 2022

72 m^3
water consumption for domestic needs of Kola WPP in 2022

EL5-Energo PJSC water consumption system



Water for the household needs of our wind farms, Azov and Kola WPPs, is supplied by tankers, and bottled water is used for drinking needs. Water consumption for domestic needs of Azov WPP in 2022 amounted to 240 m^3[3], for Kola WPP – 72 m^3.

GRI 303-3

1 Main places of water intake: KGRES – Ivankovskoye reservoir (Volga River), five artesian wells; NGRES – Big Stavropol Canal, Nevinnomyssky Canal; SUGRES – Isetskoe reservoir; HQ – water supply network.
2 Water is taken for cooling thermal mechanical equipment, cooling auxiliary mechanisms, feeding boilers and heating systems, household needs.
3 The data for 2021 presented in the previous Report has been adjusted due to recalculation.

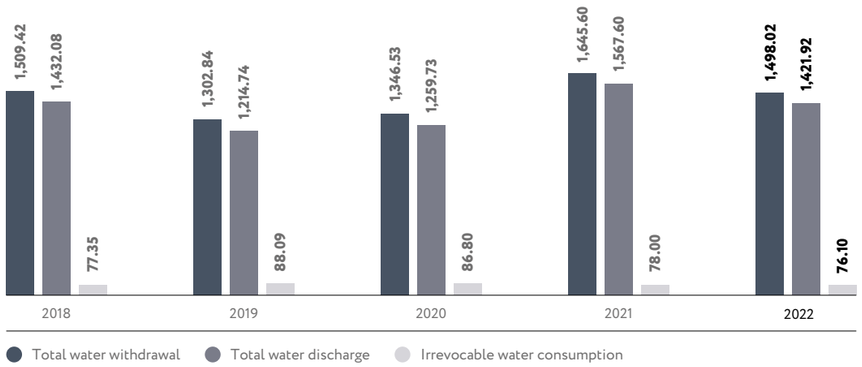
↓2.5%

decrease in irrevocable water consumption in 2022

In the reporting year, the total volume of water intake by thermal generation decreased by 10% that is associated with a decrease in the net electricity and heat output by all power plants by 4%, as well as a reduction in water consumption for cooling the equipment of Sredneuralskaya GRES due to the commissioning of treatment facilities and reuse of purified water.

Irrevocable water consumption in 2022 decreased by 2.5% due to the reuse of treated water at the reverse osmosis system of Sredneuralskaya GRES to treat water for feeding boilers and heating networks.

Water use, mln m³



GRI 303-1

GRI 303-2

IF-EU-140a.3.

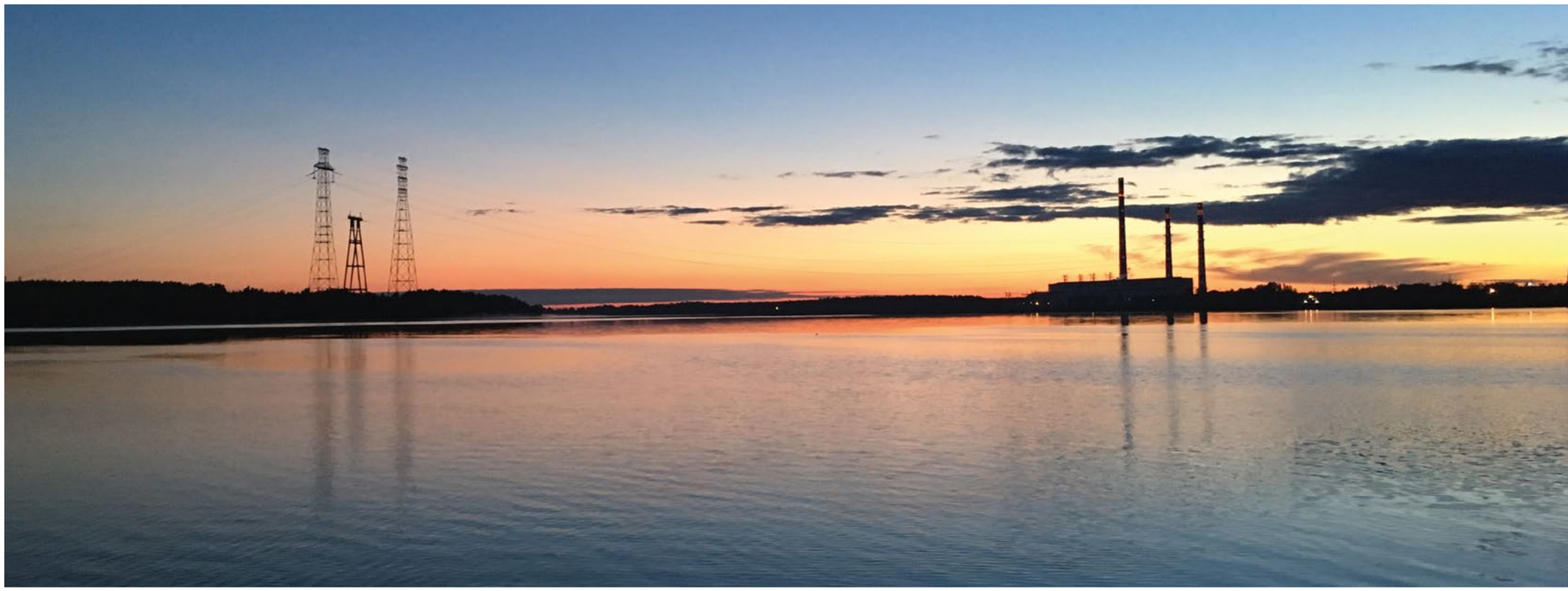
Wastewater disposal

Our power plants discharge wastewater in accordance with the requirements of the applicable legislation and timely obtained permits.

We pay great attention to the treatment of wastewater before it is discharged. The main volume of water discharged by thermal generation is normatively clean wastewater (99.6%). The wastewater to be treated is treated by mechanical and physicochemical methods before being discharged. Used water is carried through the discharge channels into the water bodies. Household wastewater is subject to treatment by third-party organizations, mainly water utilities.

99.6%

of water discharged by thermal generation is normatively clean



COMPLEX THINGS MADE EASIER

What is normatively clean wastewater?

Normatively clean water, without treatment – water in which the content of pollutants does not exceed the technological standards (in the presence of a comprehensive environmental permit) and (or) the standards for permissible discharge, and the discharge of which without treatment into water bodies does not lead to a violation of the water quality standards of surface water bodies in the control section regarding the discharge (release) of wastewater into a water body. In case of our power plants, water discharged into surface water bodies after being used in a once-through water supply system for cooling generating equipment is considered normatively clean.

For detailed data on pollutant emissions, see the ESG databook on the **website**

Total wastewater broken down by treatment method, mln m³

GRI 303-4

	2018	2019	2020	2021	2022
Normatively clean water (without treatment)	1,424.63	1,207.57	1,253.14	1,561.89	1,416.10
Waters treated to standard quality (mechanical, physical and chemical cleaning)	7.00	6.76	6.22	5.34	5.46
Desinfection	0.45	0.41	0.37	0.37	0.37
Total	**1,432.08**	**1,214.74**	**1,259.73**	**1,567.60**	**1,421.92**

The decrease in the total amount of wastewater in 2022 by 9% is due to a decrease in water intake for cooling equipment and mechanisms.

For more details, see the **"Water consumption"** section

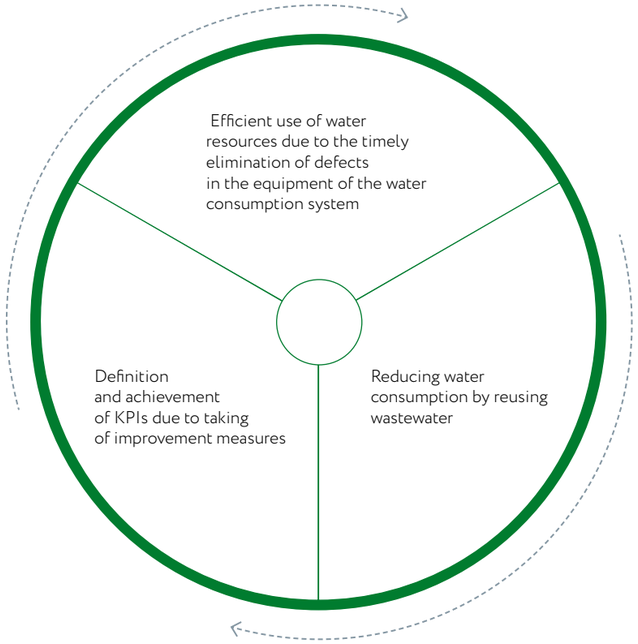
↓9%

the decrease in the total amount of wastewater in 2022

Selected projects and initiatives in water consumption and wastewater disposal

IF-EU-140a.3.

We apply an integrated approach to water stewardship that reflects the strategic importance of the issue and is based on three interconnected routs.



Our sustainability strategy and activities are inextricably linked to the UN SDGs. SDG 6 "Clean water and sanitation" is a key sustainability goal, high the importance of the rational use of freshwater ecosystems that are of great importance for human health, environmental sustainability and economic prosperity.

We are continuing to implement a comprehensive project to optimize water consumption and sanitation, which was launched in August 2018. The project involves working groups from each power plant consisting of specialists from Operation and Maintenance, Chemical Shop, Operation and Maintenance Improvement and Ecology Departments. Of the proposals developed to optimize water consumption in 2022, the following activities were implemented.

Sredneuralskaya GRES	○ The final stage of the implementation of the project on **construction of a wastewater collection and treatment system** was carried out. In 2022, the commissioning of the ultrafiltration and reverse osmosis systems was completed, and the third stage of the project to install the equipment for the sludge drying system was implemented. The project was put into commercial operation in February 2023. ○ Implementation **of a project for collection and transfer of wastewater after cooling the equipment for fuel oil pumping and rain water from the territory of the fuel oil farm to treatment facilities**. The project involves the installation of a pipeline from the territory of the fuel oil farm to the collection header of the treatment facilities from where the wastewater, after preliminary treatment, will be sent to the plant's circulation cycle.
Nevinnomysskaya GRES	○ Installation and adjustment of metering units for the consumption of circulating water at the Cooling Water Intake Facility (CWIF). ○ Carrying out work to replace the distributable fire and drinking network with the replacement of steel conduits with plastic ones.

Key Performance Indicators

As part of the water consumption and sanitation optimization project, Key Performance Indicator (KPI) for specific water intake for production needs was established.

Inability to achieve the KPI set for 2022 is due to an increase in water intake to feed the heating network at Nevinnomysskaya GRES and a delay in commissioning the second stage of the treatment facilities at Sredneuralskaya GRES.

Specific water intake for production needs, m^3 / kWh

KPI for 2022	2022, actual
0.299	0.316

For more details on changes in the calculation methodology, see the beginning of the section **"Responsible water use"**

0.316
m^3 / kWh
specific water intake for production needs in 2022

GRI 306-1

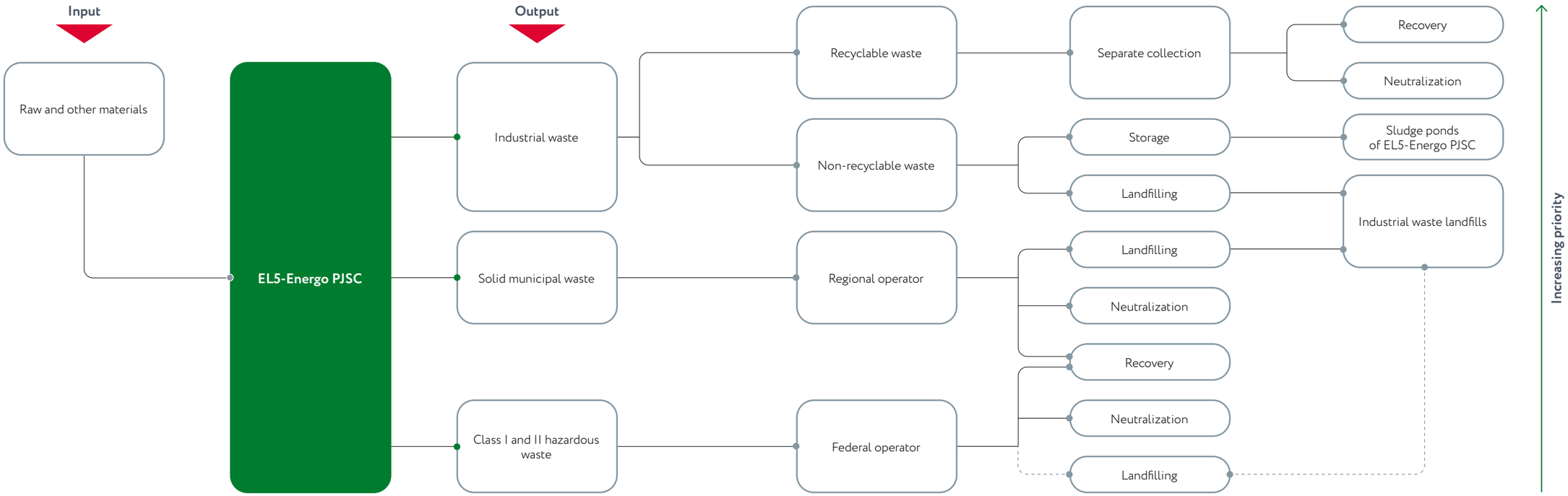
Waste management

The Company considers the circular economy principles as a key priority and an accelerator for the implementation of our sustainable strategy. In accordance with the Environmental policy, adopted by the Company, we are commited to:

- Adhere to the following waste management principles: (1) prevention of waste generation; (2) ensuring use; (3) taking measures for waste neutralization; (4) disposal is permitted in the absence of acceptable methods of waste management and disposal, taking into account the specificities in the regions of the Company's presence
- Reduce the generation of all types of waste: through the rational consumption of resources and maximum involvement of waste in the secondary economic circulation, according to the principles of the circular economy
- Maximize the use of substances or objects generated in the process of production, performance of work, provision of services or in the process of consumption, introducing an approach to the management of by-products of electricity generation, taking into account the principle of the circular economy
- Make a decision on the disposal of substances or objects generated in the process of production, performance of works, provision of services or in the process of consumption as waste only in the absence of environmentally sound methods of their secondary use
- Maintain reliable records of the generated waste, organize their accumulation in accordance with the established requirements, maximally ensuring their separate accumulation
- Search for and implement the most environmentally sound methods of waste management, giving priority to their recycling, neutralization
- Seek to reduce the amount of waste sent for disposal. When disposing of waste, use waste disposal facilities that exclude secondary pollution of the environment

In line with our strategy, we continue to strive to divert as much waste as possible from our operations for recycling

The diagram below illustrates a general approach to the management of industrial and consumer waste generated by the Company.



↓33%

decrease in the amount of waste generated in 2022

In line with our strategy, we continue to strive to divert as much waste as possible from our operations for recycling. In 2022, 45% of waste was transferred for recycling (recovery), which is lower than last year, since in 2022, waste-intensive operations generated waste with a low recycling potential (asbestos, slag and cement waste, fireclay brick scrap, waste (garbage) from construction and maintenance operations, debris from the demolition of buildings and structures).

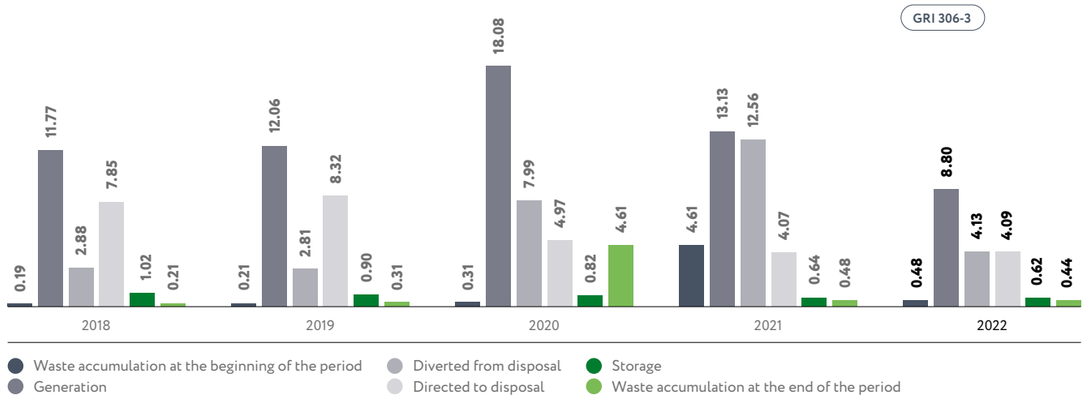
Our power plants, including the Azov and Kola WPPs, generated 8,798 ths tons of production and consumption waste, which is 33% less than the amount of waste generated in 2021 due to a reduction in the amount of waste-intensive works. In 2022, work was completed to liquidate the sludge pond at Konakovskaya GRES, work was underway to dismantle the first stage of Sredneuralskaya GRES and clean the fuel oil tanks at Konakovskaya GRES and Nevinnomysskaya GRES.

Municipal solid waste (MSW) management at the Azov and Kola WPPs (commissioned in December 2022) is provided by the regional MSW management operator. Industrial waste management is provided by contractors operating wind power plants.

Dynamics of waste generation and management, ths tons[1]

GRI 306-2

GRI 306-3



The amount of waste generated by the Company does not equal to the amount of waste circulated, as from year to year a part of the waste generated but not yet circulated remains on the Company's balance sheet and is subject to management in the next reporting period.

The amount of waste transferred from 2021 to 2022 amounted to 484.46 tons. The amount of waste accumulated at the end of 2022 amounted to 439.08 tons.

1 Azov WPP and Kola WPP are included, Reftinskaya GRES is not included

In 2022, as in previous periods, all waste included in the list of types of production and consumption waste containing useful components, the landfilling of which is prohibited (this list was approved by Decree of the Government of the Russian Federation No. 1589-p dated July 25, 2017), were sent by the Company not for landfilling, but for disposal and neutralization

For detailed data on waste, see the **website** in the ESG databook

Waste generation and management in 2022

Waste generation, %

Hazardous waste	**54.33**
Non-hazardous waste	**45.67**

Diverted from disposal, %

Hazardous waste	**44.73**
Non-hazardous waste	**55.27**

Directed to disposal, %

Hazardous waste	**62.77**
Non-hazardous waste	**37.23**

Storage , %

Hazardous waste	**1.15**
Non-hazardous waste	**98.85**

COMPLEX THINGS MADE EASIER

What is the difference between landfilling, disposal and neutralization?[1]

Waste recovery – use of waste for the production of goods (products), performance of works, provision of services, including the reuse of waste, including the reuse of waste for its intended purpose (recycling), its return to the production cycle after appropriate preparation (regeneration), extraction of useful components for their reuse (recovery), as well as the use of municipal solid waste as a renewable energy source (secondary energy resources) after extracting useful components from them at treatment facilities.

Waste neutralization – is the reduction of weight of waste, alteration of its composition, physical or chemical properties (including combustion, except for combustion related to the use of municipal solid waste as a renewable energy source (secondary energy resources) and (or) decontamination at specialized facilities) in order to reduce its negative impact on human health and the environment.

Waste placement (disposal) – storage and landfilling of waste:

- **Waste storage** – storage of waste at specialized facilities for a period of more than 11 months for the purpose of recovery, neutralization, landfilling;
- **Waste landfilling** – isolation of waste not subject to further neutralization in special storage facilities in order to prevent harmful substances from entering the environment.

1 From Federal Law No. 89-FZ "On Production and Consumption Waste" dated June 24, 1998 (as amended on July 2, 2021) (with amendments and supplements entered into force on March 1, 2022).

Waste management initiatives and introduction of the circular economy approach

GRI 306-2

We pay close attention to the circular economy principles, which form the basis of our Sustainability plan. When dealing with materials and waste, we always strive to ensure that the materials, objects or waste used are reused or have a second life – in their original or decomposed state. We aim to use irreversible methods only for waste that cannot be reused in any form. But even when it comes to irreversible disposal, we strive to choose methods that have fewer negative environmental impacts.

In 2022, we continued to monitor all types of waste generated and how they are handled.

KPI	Result in 2019	Result in 2020	Result in 2021	Result in 2022
The share of waste transferred for recovery (or utilization) in all generated waste, %	23	44	71	45
Share of non-hazardous waste transferred for recovery (or utilization) from all non-hazardous waste generated, %	27	72	78	51
Share of hazardous waste transferred for recovery (or utilization) from all hazardous waste generated, %	2	1	61	38
Share of oils transferred for recovery (or utilization) from the total volume of waste oil generation, %	40	92	99.94	99.81
Amount of waste generated in tons	12,064	18,082	13,130	8,798

We carry out systematic work to transfer the maximum possible amount of waste generated for recovery. Despite the generation of waste with a low recycling potential due to the specifics of pollution-prone work performed in 2022, their share is amounted 45%.

In 2022, the decrease in the amount of waste generated (KPI No. 5) is associated with a decrease in the volume of waste generated from one-off works.

Our ability to transfer waste for recovery depends on the market for waste recovery services in the regions where our power plants and subsidiaries operate. We regularly monitor the information contained in the database on waste, technologies for the recovery and neutralization of various types of waste, and analyze the market for contractors specializing in waste recovery in the regions where the Company operates.

The issue of reducing the amount of waste generated while maintaining traditional waste-generating production processes is the most sensitive. It is connected with the necessity and relevance of the legal definition of the concept of "secondary material resource" and the development of an appropriate legal framework for regulation. The possibility of involving glass, brick, reinforced concrete products, paper waste, etc. in the circulation as secondary material resources depends significantly on the adoption of regulatory legal acts in this area.

In 2022, Federal Law No. 268-FZ "On Amendments to the Federal Law "On Production and Consumption Wastes" and Certain Legislative Acts of the Russian Federation" dated July 14, 2022 was adopted, the regulatory mechanisms of which the Company plans to implement in its activities related to management of waste and by-products of production.

45%
share of pollution-prone works

We take a comprehensive approach in addressing the issues of effective waste management and aim to reduce the negative impact of power plant waste on the environment to 'zero'

Another important activity of the Company in the waste management process is the operation of its own waste placement (disposal) facilities at Sredneuralskaya GRES and Nevinnomysskaya GRES in compliance with environmental requirements. At all waste placement (disposal) facilities, taking into account their possible impact on the environment, specialized institutions annually monitor the state and pollution of the environment, as well as production control of the technical and operational condition of these facilities.

We take a comprehensive approach in addressing the issues of effective waste management and aim to reduce the negative impact of power plant waste on the environment to 'zero', making maximum applicable the circular economy principles. In 2023, we plan to fix these processes by issuing the Company's regulation on the implementation of the circular economy principles and developing the relevant regulation that will allow for more effective integration of the circular economy principles into the Company's business activities. We intend to spread knowledge about the circular economy principles and involve more and more stakeholders in the implementation of this model.

Sludge pond at Konakovskaya GRES

Until the 2000s, the main fuel used at Konakovskaya GRES was fuel oil. As a result of its combustion, ash was formed that settled on the heating surfaces of the boilers, and it had to be washed off to guarantee correct equipment functioning. The generated waste (washing waters with a high ash content) shall be stored in special places to prevent its release into the environment. In September 2022, Konakovskaya GRES successfully completed work on the elimination of the sludge pond – tanks with an asphalt concrete coating for storing wash water.

Now Konakovskaya GRES operates mainly on gas. The Company's specialists have worked out alternative solutions for the purification of wash water from fuel oil combustion at a specially created neutralization and recovery unit.

As a result of the dismantling of the sludge pond structures, about 8 ths tons of waste from the remains of asphalt concrete structures were generated. 46% of them was transferred for recycling on the asphalt mixtures production, 52% was transferred to a specialized organization for use in activities to remove impurities from water. Concrete structures were crushed into bituminous concrete and then sent to the plant for the production of asphalt mixes. Only 2% of the waste was transferred for placement at waste placement (disposal) sites.

At the site of the sludge pond, the land plot was leveled by introducing vegetable soil and sowing of meadow grasses.

Radioactive Waste Management

Some our production activities are linked with generation of radioactive waste (RW). This type of waste is generated by the Company in the artesian water treatment process at KGRES. The natural radionuclides contained in the artesian water, namely radium-226 and its daughter products, accumulate on the filter material.

The RW data belong to[1] the 4th class of removable solid RW.

The Company follows the radiation safety requirements and regularly submits radioactive waste reports to regulatory authorities.

Our employees are familiar with the requirements for compliance with radiation safety, are provided with personal protection equipment and act in accordance with the established instructions. These instructions fully comply with the regulations in radiation safety. Radioactive waste management is carried out by specialized organizations licensed to provide RW management services on the basis of concluded agreements.

In 2022, radioactive waste was not unloaded, packaged, transported and placed for intermediate storage.

RW generation and disposal

Year	2018	2019	2020	2021	2022
RW generated	12.5 m³ (12.11 tons)	14.5 m³ (15.79 tons)	17.0 m³ (20.76 tons)	12.0 m³ (14,17 tons)	0
RW removed	12.5 m³ (12.11 tons)	14.5 m³ (15.79 tons)	11.5 m³ (14.00 tons)	17.5 m³ (20.83 tons)	0
Storage of RW in a temporary storage facility	0	0	5.5 m³ (6.65 tons)	0	0
Activities	Replacing the filter material on ion exchange filters				

Auxiliary resources consumption

We use expendable materials for technological processes at various levels and in different directions. A significant proportion of such materials are chemicals required for the preparation of demineralized water to feed boilers, for the treatment of water for the heating network, for the operation of auxiliary equipment and for the de-icing treatment of roads on the territories of our power plants.

The consumption of auxiliary resources in 2022 amounted to 4,122 tons, which is 8% less than in 2021. The consumption of auxiliary resources has an uneven dynamic and depends on the quality of the source water, the schedules for replacement of filter materials and the frequency of scheduled maintenance.

In 2022, the consumption of auxiliary resources at Sredneuralskaya GRES changed due to the operation of treatment facilities.

There was a 7% increase in the consumption of lubricating oil and a 17% decrease in the consumption of transformer oil across the Company compared to 2021 due to uneven dynamics in the frequency of scheduled maintenance of operating equipment.

1 In accordance with the Criteria for Classifying Solid, Liquid and Gaseous Waste as Radioactive Waste approved by Decree of the Government of the Russian Federation No. 1069 dated 19.10.2012.

Reuse of sulfuric acid at Konakovskaya GRES

At Konakovskaya GRES, a scheme of joint regeneration of second-stage H-cation exchange filters with H-cation upstream filters ("H-starved" filters) is realized.

The filters are designed for softening (desalination and demineralization) of treated water and consist directly of filters and tanks for regeneration solutions (sulfuric acid).

7%

savings in sulfuric acid of its annual needs for the regeneration of the cation exchanger

For the regeneration of the cation exchanger, that is, the removal of previously absorbed cations from the treated water, a 2–4% solution of sulfuric acid is used in H-cation exchange filters of the II stage, which is prepared in an ejector and then passed through a layer of the cation exchanger. Since sulfuric acid is taken in excess to complete the regeneration of the cation exchanger, sulfuric acid remains in the spent regeneration solution in an amount sufficient to regenerate the cation exchanger in the H-upstream filters. This spent acid solution is not sent to the drain, but is reused for regeneration. Joint regeneration of H-filters of stage II and H-upstream filters saves water for the preparation of the regeneration solution and washing the cation exchanger through the ejector line in an amount of up to 8% of the BoP needs of cation exchange filters, as well as savings in sulfuric acid in an amount of up to 7% of its annual needs for the regeneration of the cation exchanger.

GRI 304-1

Biodiversity and preservation of natural heritage

We consider potential risks and strive to protect biodiversity at all stages of our operations. This applies both to the construction of new conventional and alternative generation facilities, the modernization of existing facilities and activities for the production of heat and electricity, as well as to the decommissioning and dismantling of our generation facilities.

We engage with all stakeholders, including the scientific community, government and local authorities, public and not-for-profit organizations, and local communities, on issues related to the conservation and protection of biodiversity.

Our commitments in this area are set out in the Environmental policy and in the Biodiversity Policy developed specifically for these purposes.

As part of the practical implementation of the Biodiversity policy, we have developed a three-year Action Plan for Protection of Biodiversity.

Action Plan for Protection of Biodiversity

The Plan systematizes all elements of the management of the Company's activities related to the impact on biodiversity and habitat. The plan defines the relevant indicator species of animals and plants sensitive to changes, a list of measures for the conservation and protection of biological diversity, implementation terms, indicative amounts of funding, and also establishes mechanisms for the participation of stakeholders and units responsible for the implementation of measures.

The implementation of activities under the Plan reflects the Company's contribution to achieving the UN Sustainable Development Goal 15 "Life on land".

In 2022, the activities provided for by the Action Plan for Protection of Biodiversity were fully implemented

Biodiversity Risk Analysis

We invest significant resources in risk analysis at all stages and periods of power plants operation, focusing on both current legislation and on our voluntary commitments. All of our construction and modernization projects are required to undergo an environmental impact analysis. Based on this analysis, if necessary, a plan is developed to protect the flora and fauna. Similarly, we analyze production activities and take measures to protect biodiversity in accordance with the principle of the hierarchy of impact minimization.[1]

As part of Integrated Management System and international standard ISO 14001:2015 "Environmental Management Systems. Requirements and Guidance for Use", we annually identify and determine the significant environmental aspects of our activities, including those directly or indirectly related to biodiversity.

All of our construction and modernization projects are required to undergo an environmental impact analysis

General parameters used in the evaluation are as follows

Water intake for process needs	Compliance with the established standards for the withdrawal of water resources ensures a favorable environment in the water body
Discharge of pollutants	Non-exceeding the established impact standards contributes to the sustainability of natural ecological water systems
Methods for organizing waste accumulation places	Reducing the volume of unorganized waste reduces the possible impact on birds and wild animals
Emissions from generation equipment	Compliance with emission standards ensures the maintenance of a vital component of the environment for the plants and animals – atmospheric air
Methods of maintenance and operation of fuel oil facilities and other high-risk facilities in compliance with the requirements of industrial and environmental safety	Ensuring the emergency resistance of the Company's infrastructure prevents accidental impact on the objects of flora, fauna and their habitats

1 Hierarchy of impact minimization - a sequence of actions to predict and prevent impacts on biological diversity and ecosystem services, as well as in cases where it is impossible to prevent such impacts, to minimize such impacts when such impacts occur, to remediate or restore, and in cases with significant residual impact – by compensation. (As defined in document CSBI 2013a "Framework for Guidance on Operationalizing the Biodiversity Mitigation Hierarchy").

GRI 304-2

In 2022, based on the results of the assessment of environmental aspects in the thermal generation perimeter, the following significant environmental aspects related to biodiversity were identified.

Significant environmental aspect	Measures to reduce the significance
Impact on the wildlife objects during water intake from the Nevinnomyssk Canal (NGRES)	During the reporting period, in accordance with the established requirements, we prepared and sent to the Azovo-Chernomorskoye Territorial Administration of the Federal Agency for Fishery an application for approval of the materials to substantiate the operation of a cooling water intake facility.
Discharge of industrial, drainage and storm wastewater (SUGRES)	In 2022, as part of a project to optimize water consumption and sanitation, we continued to implement measures to reduce the importance of this aspect.

For more details, see the **"Responsible water use"** section

According to the results of the assessment of environmental aspects in wind generation, no significant environmental aspects related to biological diversity were identified.

GRI 304-3

Specially protected natural areas

Sredneuralskaya GRES power plant borders on the specially protected natural territory "Isetskoye lake with the surrounding forests". The area of the specially protected natural territory is 4,738 ha. We pay special attention to operations near this area and conduct enhanced monitoring of the impact of our production activities on its biodiversity.

Conservation of aquatic biological resources

All our power plants are equipped with effective fish protection systems that are designed to reduce the impact of industrial activities on aquatic biological resources by preventing them from entering the water intake that allows preserving the biological diversity of the surface water bodies.

Conservation of ornithofauna

Installation of nesting platforms in the Donskoy Nature Park

As part of voluntary measures to preserve the population of the white-tailed eagle, the Company decided to install 20 nesting platforms in a specially protected natural area of regional importance in the Rostov region – in the Donskoy Nature Park. In 2022, these platforms were installed on trees in the natural habitats of eagles.

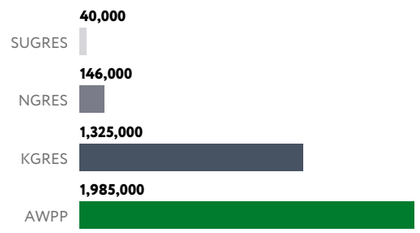
In 2021, after putting of Azov WPP into commercial operation, in accordance with the best corporate practices, we started the process of ornithological monitoring to determine the degree of impact of the wind farm's activities on birds nesting in its territory or in its immediate vicinity, as well as on the migratory routes of migratory birds. Based on the results of the first stage of monitoring that was carried out from April to November 2021, the degree of impact was determined as low.

To confirm the results obtained, the monitoring was continued in 2022. It included the study of migrations, species diversity and seasonal dynamics, determining the presence or absence of rare and protected bird species, and assessing the risks of bird collisions with wind turbines. All biotopes of the Azov WPP territory were considered: farmland, nearby settlements, coastal and water areas, tree plantations (forest belts, etc.). The monitoring was carried out in fall and winter. Based on the results, information was obtained on the presence in the territory of the wind farm and in the vicinity of the following rare and endangered species of birds listed in the Red Book of the Russian Federation with the status "Vulnerable": Falco vespertinus. According to the monitoring results, the impact of the Azov WPP on the ornithofauna is assessed as moderately low.

We also make sure that the representatives of the ornithofauna are safe in the territory of our thermal power plants. Thus, special devices to scare away birds that prevent seagulls from entering the open switchgear are installed on the open switchgears of Konakovskaya GRES.

All these and many other activities are included in the "Action Plan for Protection of Biodiversity of EL5-Energo PJSC and its Subsidiaries of Significant Importance for 2021–2023".

Biodiversity conservation and protection costs, RUB



The Report on Biodiveriy protection plan implementation in 2021 and 2022 is available **via link**

Social responsibility of business

1,461
persons
the number of employees by the end of 2022

More information **p. 119**

0
cases
of industrial injuries among company employees and contractors in the joint perimeter of thermal and wind generation in 2022

More information **p. 151**

60.85
RUB mln
the total budget for all types of projects aimed at interaction with local communities

More information **p. 164**

Creating an environment for development and cooperation

Recognizing and respecting the uniqueness of the individual

People we work with

For full version of the Sustainability plan, see the **website**

Employees management, development & motivation

Activity	Results 2022	Target 2023	UN SDG
Developing a diversity and inclusion culture in the Company, supporting employee health and well-being number of activities, at least	1	3	4, 5, 8, 10
Climate survey % of participation	63	66	8
Engagement level assessment % of engagement	N/A	65	8
Women in management %, including top management positions	23.0	23.5	5, 8
Training hours minimum guaranteed hours per employee/year, at least	70	52	4, 8
Number of managers involved in internal training and development activities[1] % of managers involved	10	15	4, 8
Assessment and feedback process % of employees evaluated	100	100	4, 8
Share of high-potential employees involved in additional training and development programs, including cross-functional initiatives % of employees	20	25	8
Personnel Succession Planning for key management positions[2] %	100	100	8

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

MATERIAL TOPIC

Employees management, development and motivation

Our employees are the greatest value and an integral part of the Company's success. We build a corporate culture through the focus of sustainability recognizing and respecting the uniqueness of everyone and creating comfortable conditions for professional and personal growth.

1 Internal mentors, coaches (within a year from the total number of managers).
2 1st and 2nd lines reporting to General Director.

Effective personnel management

Diversity and Inclusion Policy

Regulatory documents

Internal documents

- Code of Ethics
- Human Rights Policy
- Diversity and Inclusion Policy
- Policy for Remuneration and Reimbursement of Expenses (Compensation) of the Members of Executive Bodies and other Key Executives
- Other regulatory documents that can be found on the Company's website

We strive to constantly improve the efficiency of the built-in HR system, the main task of which is the professional development of employees, increasing the level of their expertise, as well as further career growth within the Company.

The Company's approach to Human Resources management is enshrined in a set of internal regulatory documents that are formed in accordance with labor legislation, the principles of corporate and professional ethics.

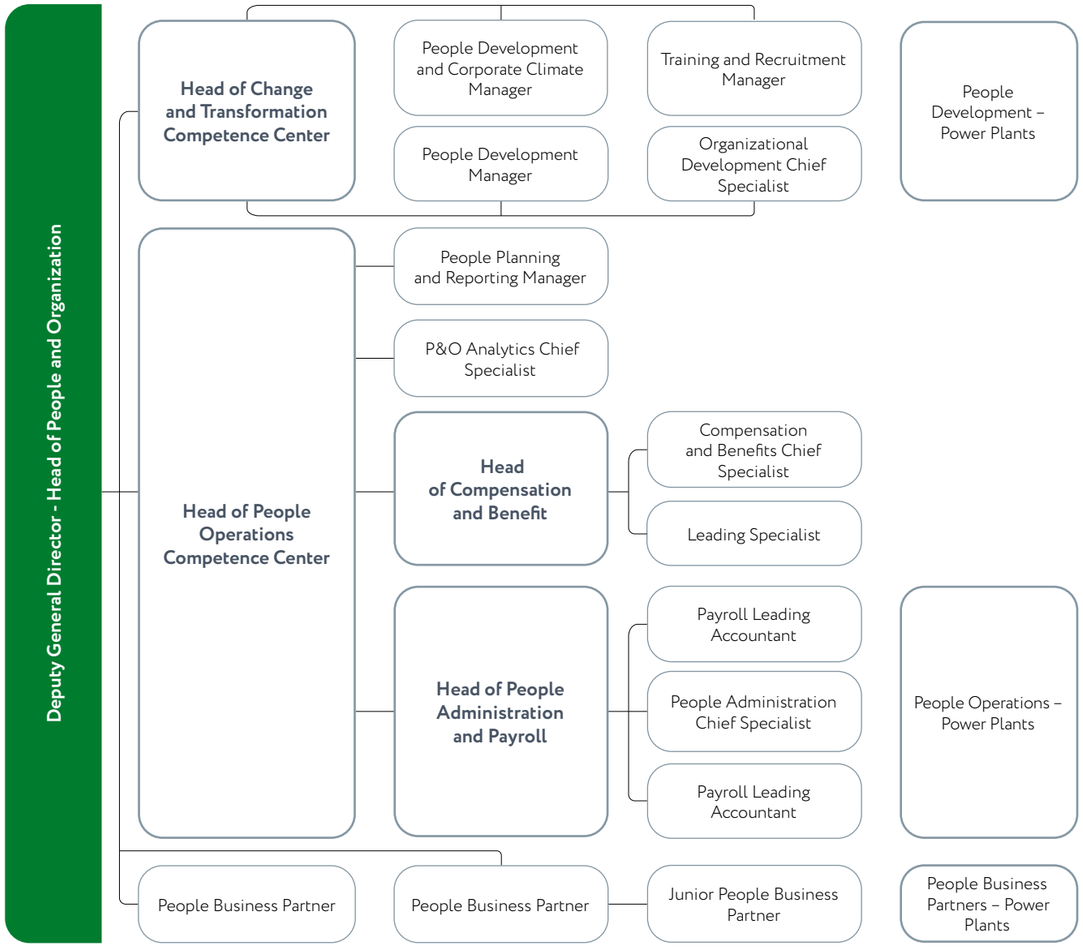
GRI 3-3

Code of Ethics

Human Rights Policy

Regulatory documents

Policy for Remuneration and Reimbursement of Expenses (Compensation) of the Members of Executive Bodies and other Key Executives



The key responsible person for the implementation of all HR activities is the Deputy General Director – Head of People and Organization (P&O). In their subordination is the Directorate of the same name that includes:

People Empowerment Competence Center

- Recruitment and training management;
- People care and development;
- Managing diversity and stimulating cultural transformation;
- Organizational structure management and organizational development

People Operations and Industrial Relations

- Labor costs management;
- Management of the employee incentive system;
- Administration of labor relations;
- Settlements with personnel;
- Interaction with trade unions;
- Personnel analytics

People Business Partners

- Functional managers and employees support in all issues related to the People and Organization perimeter

The efficiency of P&O processes is periodically analyzed by the Internal Audit Department.

We continue to adapt and transform business processes in the context of changes in the labor market, as well as in connection with the change of the controlling shareholder. In 2022, we have managed to:

- create new functional areas and adapt the organizational structure;
- launch a comprehensive management skills development program;
- carry out activities to develop and improve digital skills among employees to the level required for effective process management;
- repair and equip office premises in accordance with the new operating modes, improve living conditions at power plants;
- carry out activities to promote a healthy lifestyle;
- implement a series of events to support diversity and inclusion.

The key achievements of the P&O in 2022:

- performance growth;
- improving gender balance in the selection and composition of successors;
- recruitment of personnel for Kola wind farm.

The two main challenges we have faced in 2022:

- organizing the return of employees to work in the office while maintaining the possibility of remote work once or twice a week;
- formation of a new organizational structure (RES Operation and Maintenance) to support renewable energy facilities and the provision of personnel for Kola wind farm under construction, taking into account the departure of some foreign companies – suppliers of high-tech equipment and services.

The efficiency of P&O processes is periodically analyzed by the Internal Audit Department

Our strategy of human capital development, as before, includes three main areas, in accordance with which all our projects, programs and activities are structured, as well as on which the management of this material topic is built.

Efficiency and social partnership

We use a goal setting system for employees and departments of the Company based on a system of key performance indicators. Most of the production processes are automated, information tools have been introduced, the availability of which is ensured by increasing the level of digital skills of employees, providing employees with corporate smartphones and SIM cards.

We implement a strategy to effectively manage all costs, including labor costs.

For a number of years we have been implementing a strategy to increase the Company efficiency through business process optimization and headcount management.

We actively support and implement social initiatives, form and constantly develop a system of employee incentive and remuneration.

Traditionally, we pay great attention to the development of social dialogue, maintaining open and transparent relations with trade union organizations of all our power plants, based on the desire for mutual consideration of the interests of each of the parties to the social partnership.

The Company has collective agreements that provide benefits for employees. In 2022, the list of benefits was expanded: employees of power plants received the opportunity to compensate for part of the cost of meals, and employees of the Headquarters received annual financial support for vacation.

Also in 2022, the parties to the social partnership came to an agreement to change the program of non-state pension provision for employees, the changes came into force from the beginning of 2023.

Talent attraction and development

We implement various activities to attract, develop and retain talents providing all employees with equal opportunities for professional and career development, training, promotion. We support and encourage employees to develop a culture of responsibility for their own development.

The Company has a concept of soft leadership based on the recognition and development of the strengths (talents) of employees. It aims to create a human-centered management model led by talent and a feedback culture. While maintaining the system of compulsory vocational training, we are constantly expanding the range of training programs for employees that allow them to master new knowledge and skills efficiently.

We support the development of the leaders of our Company through the implementation of special collective and individual programs. A review of progress is regularly presented to the attention of the Board of Directors and its respective Committee, as well as further plans for the development of the management team. In turn, the Board of Directors is attentive to the development of leaders proposing and discussing both general and individual development initiatives.

We implement special training programs both for all employees and for individual functional areas, and we are also actively developing an initiative for internal mentoring among Company managers.

We create opportunities for the formation of new individual and managerial competences, develop the digital skills of employees.

We are introducing tools for an objective assessment of the performance of employees, as well as their potential to improve the effectiveness of personnel succession.

Feedback from employees at all levels is important to us.

Culture and engagement

We maintain a high level of corporate culture paying special attention to the development of a safety culture, increasing the involvement and well-being of each employee.

Through major cross-functional projects, such as the #LiveSafely project that aims to further improve the safety culture in the Company, as well as related in-depth research on the level of adaptation of employees to working conditions in the "new normal", we have created special programs to promote safety leadership, develop engagement, and create a modern and up-to-date approach to talents retention.

For more details, see the **"Health and Safety"** section

We consider the quality of our employees' adaptation to the pandemic (the so-called "new normal") working conditions to be an important factor in the Company's sustainability. We use surveys and studies to create action plans to strengthen this factor. The progress is communicated to all employees through communication campaigns.

We actively promote the principles of diversity and inclusion, improve and change, taking into account the opinion of our employees through regular surveys.

Personnel structure

GRI 2-7

GRI 405-1

The number of employees by the end of 2022 was 1,461 persons. The increase in headcount relative to 2021 was due to a change in the Company structure as a result of the introduction of new competencies into its perimeter in order to implement renewable energy projects, as well as to replace services previously provided by the Group of Companies of the previous controlling shareholder.

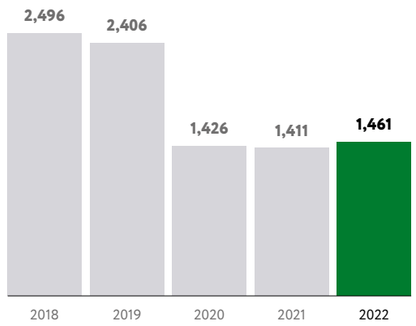
The average number of employees at power plants of the Company is almost the same. About 21% of employees work in the Headquarters performing managerial or support functions.

The smallest organization units are Azov and Kola WPPs, since they are innovative generating facilities, the operation of which is automated and does not require the presence of a large number of operating personnel.

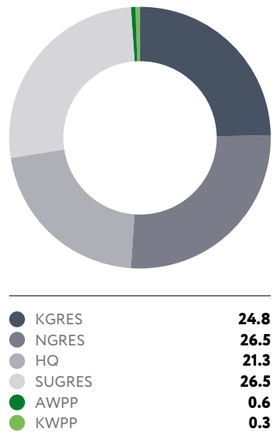
We value long-term relationships with our employees that is why most of them have permanent employment contract. Almost all of our employees work full-time, however, part-time work is available at our Company upon an individual request and agreement with the manager.

1,461
persons
the number of employees by the end of 2022

Headcount dynamics at year-end[1], persons



Number of employees by power plants and legal entities, %



Portrait of our employees

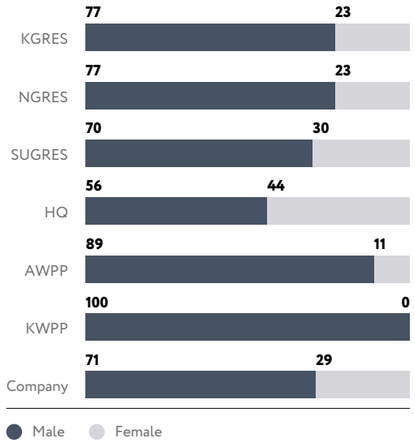
We encourage diversity and inclusion principles, and believe that a team made up of people from different life experiences and cultural backgrounds is capable of performing more complex work tasks. Every year we update the portrait of an employee of EL5-Energo PJSC that demonstrates the diversity of our personnel and allows us to build a management system more efficiently.

1 Data for 2019–2020 slightly differ from the data in the Annual Reports for the respective time periods because they also take into account Azov WPP put into operation in 2021. Data for 2018–2019 include the number of employees at Reftinskaya GRES.

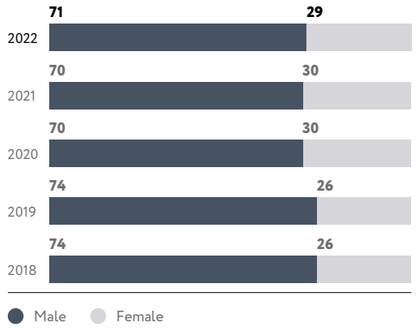
29%

the share of women among Company employees

Gender composition of employees, %



Dynamics of the gender composition of employees, %



Due to the nature of the industry (including the presence of hazardous factors at a number of workplaces) and the peculiarities of physical labor at the plants, there are more men than women among our employees (primarily among blue-collar workers).

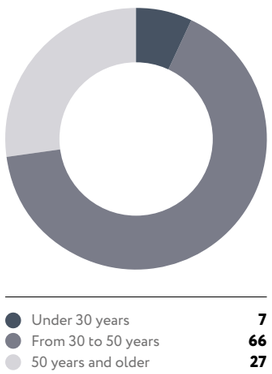
We encourage women's commitment to take managerial positions: over the past year, the proportion of women in leadership positions (the first level of reporting to the General Director), as well as women in middle management, has remained at the same, high level.

42

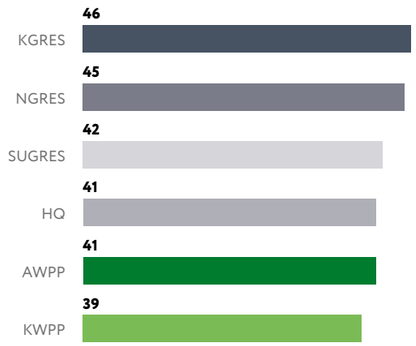
years

the average age of our employees

Employees by age, %



The average age of the Company's employees, years



The average age of our employees is 42 years.

At the same time, we are happy to welcome young professionals and support their career growth.

For us, older employees are the most valuable asset and focal points to transfer expertise and accumulated experience that ensures the continuity of generations.

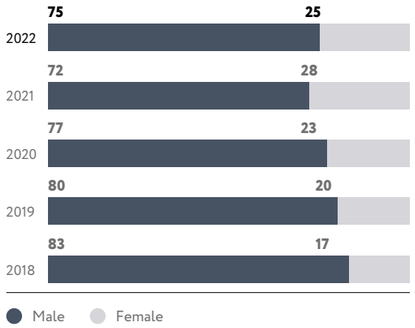
Portrait of our employees

Employee category	Managers	Heads	Specialists	Workers
Category description	Positions of the managers are responsible for the coordination of function units assigned or functional management of employees within the Company's perimeter, they are in the list of high responsibility positions in accordance with the HAY Group's job assessment methodology	Positions of the employees directly managing front-line workers at any activity (direction) within the approved organizational structure	Positions requiring special knowledge, skills, work experience within the framework of the education received or practical activity, developing the options for solving individual functional issues of industrial or managerial nature based on information available	Positions directly involved in physical labor in the area of production
Examples	General Director Deputy General Director Head of Internal Audit First-line directors reporting Deputy General Directors, etc.	Deputy Director for Production – Chief Engineer of the power plant Senior Manager / Group Manager Head of Department / Service / Group HR Manager, etc.	Chief / Lead / Category Specialist Commercial Dispatcher Balancing Market Technical Specialist Discipline Inspector Technician Foreman, etc.	Senior Operator / Auxiliary Operator Powe Unit Operator Boiler Operator Electrical Operator Electrical and Gas Welder Laboratory Assistant, Chemical Analysis Discipline Technician Driver, etc.

1.6%

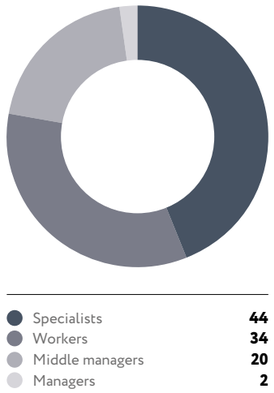
the share of the Company's top management from the total number of employees

Gender composition of top management, %



Top management in our Company accounts for 1.6% of the total number of employees. This includes employees of CEO-1 category.

Employees by categories, %



The largest part of the Company's employees (almost half) are workers performing production tasks at our generating facilities. The ratio of the managerial staff to the non-management staff maintained in the Company is optimal allowing to successfully implement and achieve the assigned objectives.

Diversity and inclusion

We adhere to the principles of ensuring inclusion, equal rights, as well as non-discrimination at all stages of our relationship with employees, from the recruitment process to the assessment and promotion process

An essential part of our corporate culture is ensuring inclusion, equal rights, as well as non-discrimination. This is expressed in providing everyone with equal conditions for employment, career and professional growth, as well as an opportunity to participate in internal competitions for vacancies.

We strive to attract and develop the most talented employees, regardless of their political, religious, national, ethnic, racial, linguistic, gender and age differences and other individual characteristics, we motivate employees to develop personally and professionally, to achieve more throughout their careers, while supporting them with the necessary tools such as online training platforms, internal trainings sessions led by experts in various fields.

We adhere to these principles at all stages of our relationship with employees, from the recruitment process to the assessment and promotion process. All our judgments regarding our employees are based solely on their competencies and professional skills.

For more details on the development of corporate culture, see the **"Culture and Engagement"** subsection

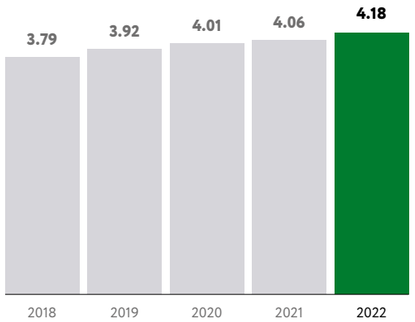
Efficiency and social partnership

Labor productivity

Our employees are active participants in the improvement process, they identify and suggest areas for optimization and implementation of innovative solutions to increase labor productivity and efficiency

Focusing resources on personnel development and motivation, we also pay attention to the improvement of their performance, restructure business processes and find areas for change, including the improvement system implemented at all power plants. Our employees are active participants in the improvement process, they identify and suggest areas for optimization and implementation of innovative solutions to increase labor productivity and efficiency of the plants.

Labor productivity[1], MW/ASN[2]



Labor productivity = Installed electric capacity / Average headcount

The consistent growth of this parameter over the past five years is associated with the implementation of a strategy to improve the efficiency of plants processes and the associated systematic optimization of the number of personnel.

Personnel performance is also assessed in accordance with the Company's remuneration system based on key performance indicators (KPIs) for functional areas. KPIs include financial and economic goals, labor and environmental safety indicators, operational efficiency criteria and take into account the business goals that our Company sets for itself in the short and long term.

We are proud that the performance of our employees continues to grow both in terms of objective indicators (KPIs) and in the opinion of the employees themselves and their managers, as reflected in various surveys on engagement, climate and safety.

For more details on climate and engagement, see the **"Culture and Engagement"** subsection

Social partnership

GRI 2-30

In 2022, we concluded collective agreements for a new three-year period of 2023-2025. When updating the documents, the Parties to the social partnership proceeded from the necessity to improve the terms of the previously existing collective agreements, ensuring their continuity, as well as a stable balance of interests between the employer and employees.

1 The data in the diagram are given without Reftinskaya GRES.
2 ASN - the average staffing number of the Company for the reporting year.

100%

of Company's employees are covered by collective agreements[1]

The level of benefits and compensation provided to the Company's employees has been one of the highest in the industry and in the regions where the Company operates for many years

The level of benefits and compensation provided to the Company's employees has been one of the highest in the industry and in the regions where the Company operates for many years. At the same time, the Company pays great attention to the analysis of the competitiveness of the benefits provided. In this regard, in 2022 the list of benefits and compensations was expanded: employees of power plants received the opportunity to compensate for part of the meal cost, and employees of the Headquarters received annual financial assistance for vacation.

Also in 2022, the Parties to the social partnership came to an agreement to change the non-state pension program for employees. These changes will come into effect from the beginning of 2023.

In 2022, the planned communication sessions were held for the Company's employees in order to increase their awareness of the Company's strategy in regulating social and labor relations, changing the system of non-state pension provision, as well as the remuneration system in the Company.

Number of employees who are members of primary trade union organizations, %

1 In accordance with the requirements of the Labor Code of the Russian Federation.

Motivation and remuneration

GRI 202-1

GRI 405-2

An important aspect of our work with personnel is not only its development, but also motivation. We offer our employees both financial and non-financial compensation, providing a decent level of remuneration and compensation package. We make sure that no hardship affects a decent and competitive salary level that provides our employees with a comfortable standard of living.

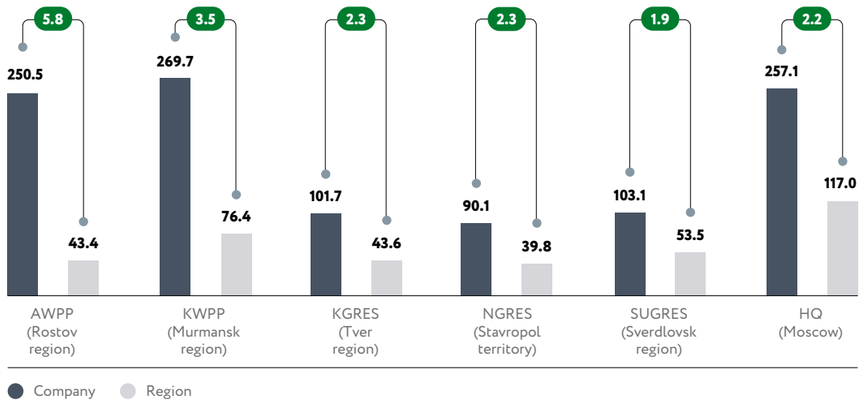
We offer our employees a competitive compensation package that is comparable to the salary level in the industry and significantly exceeds the average values in all regions where the Company's power plants are located.

Employees' remuneration is subject to indexation depending on changes in the Consumer Price Index (CPI), as well as annual review based on the industry remuneration surveys and general trends in the labor market.

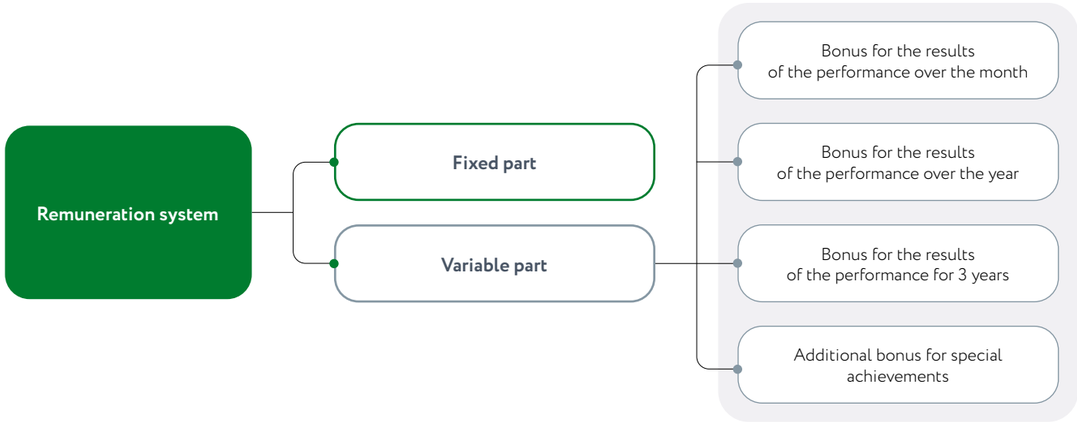
In 2022, despite the difficult external context, the Company revised the salaries of employees even more than in previous years what had proved EL5-Energo PJSC Group's reputation as a reliable employer. Also at the end of 2022, we allocated additional funds to pay one-off rewards to employees for achievements that are of particular importance to the Company. In general, the average salary of the Company's employees is 1.9–5.8 times higher than the average salary in the regions of the Company's presence (depending on the region).

GRI 202-1

Ratio of average salary in the Company to the level in the regions of presence, RUB ths



We aim to make the remuneration and motivation system as transparent and consistent with the Company policies and goals as possible. In this regard, the system includes a fixed part and a variable part.



When determining the amount and composition of remuneration, we are guided solely by professional skills and competencies and do not tolerate any form of discrimination

All issues related to the remuneration system in the Company are regulated by collective agreements and local regulations. The level of remuneration is determined on the basis of the existing system of job assessment (grading) in the Company, in accordance with market data on remuneration levels that are provided by consulting companies.

In order to increase objectivity on evaluating the potential and performance of each individual employee, starting from 2021, we are systematically introducing additional tools to improve the objectivity and transparency of decision-making on remuneration issues. A remarkable example of such a tool is the "Performance-Potential Matrix". The tool is based on the division of employees into nine groups depending on their performance and potential.

When determining the amount and composition of remuneration, we are guided solely by professional skills and competencies and do not tolerate any form of discrimination.

We pay special attention to monitoring the ratio of remuneration for men and women. To calculate it, the Company uses the average annual[1] remuneration of employees by category at each power plant and at the Headquarters. The ratio equal to one means no difference between the remuneration of men and women. The value of less than one means a downward deviation in the amount of remuneration of women in relation to men.

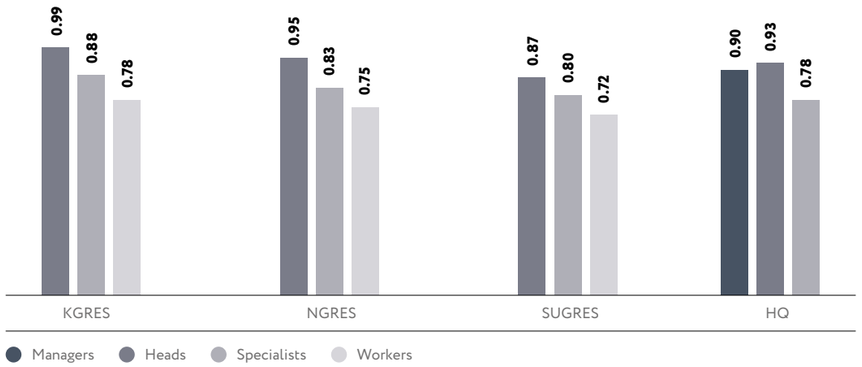
1 The annual remuneration consists of the following actually paid positions in accordance with RAS reporting: salary, extra pay for hazardous working conditions, night and evening pay, shift acceptance pay, overtime, weekend and holiday pay, vacation accruals, bonuses, material assistance prior to vacation at power plants, compensation for children's trips.

GRI 405-2

The most significant downward deviation of women's income in relation to men's income can be observed in the category of workers at the power plants (less than 0.7). This is due to the shift work schedule, as well as work in hazardous working conditions. At the same time, the ratio of payment at managerial positions tends to one both at the power plants and at the Headquarters of the Company.

Due to the specifics of the activities of Azov and Kola WPPs, most of their employees are men, so the indicators of the level of salary ratio are not taken into account in the schedule.

Salary ratio of women to men in 2022 based on annual remuneration



GRI 2-21

The ratio of the total annual remuneration of the highest-paid employee of the Company to the average annual remuneration of the rest of the employees in 2022 was 28.6, an increase of this indicator compared to the data of 2021 (19.8) is associated with the change of the General Director who is the highest paid employee. The ratio of the increase in remuneration of the highest-paid employee to the rest of the Company's employees in 2022 equals to 7.3.

For more details on the system and amounts of remuneration for the Executives, see the "Corporate governance structure" of the **Annual Report**

For more details on the system and amounts of remuneration for the Executives, see the **Regulation on payment of remunerations and compensations to the members of the Board of Directors and Committees of the Board of Directors**

For more details on the management remuneration rate and aproach, see the **"Corporate governance structure"**

7.3

the ratio of the increase in remuneration of the highest-paid employee to the rest of the Company's employees in 2022

GRI 401-1

Talent attraction and development

Personnel turnover and recruitment

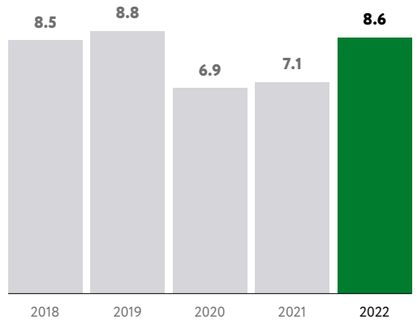
5.4%
voluntary turnover rate in 2022

The overall personnel turnover in 2022 amounted to 8.6% (+1.5% by 2021), the growth of this indicator is mainly due to the planned retirement of a number of employees. At the same time, voluntary turnover decreased by 1.3%, and amounted to 5.4%. Despite high competition in the labor market, we make all the efforts to retain our employees by implementing engagement development programs based on the employees' opinion consideration and aimed at improving corporate culture, expanding professional and personal development programs and employee career planning. In addition, we are gradually increasing salaries based on the performance of each employee and assessing their performance over the past period, as well as we are aiming to reduce the gender gap in employee compensation packages.

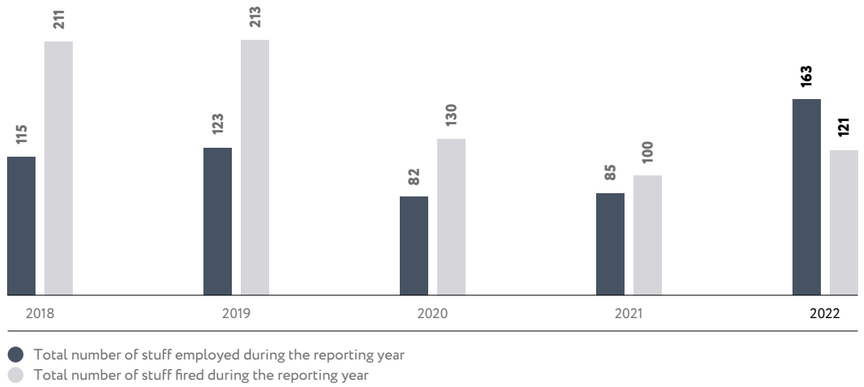
We pay special attention to the analysis of the reasons for personnel turnover, reviewing each case of dismissal, and analyzing turnover indicators in different profiles (e.g. separately by regions of presence and profiles of dismissed employees). The purpose of the detailed analysis is to form an optimal personnel policy that meets the challenges of the time, focuses on talent development, long-term incentive and, as a result, reduces economic losses caused by the voluntary turnover of personnel.

The excess of the number of hired employees (163 persons) over the number of dismissed employees (121 persons) is explained by the involvement of a number of specialists to ensure the continuity of Kola wind farm construction project and generation processes, as well as to replace the services previously provided by the Group of Companies of the former controlling shareholder, and within the optimization of the model of temporary provision of personnel (outstaffing).

Turnover dynamics, %



The total number of hired and fired employees, persons



GRI 2-8

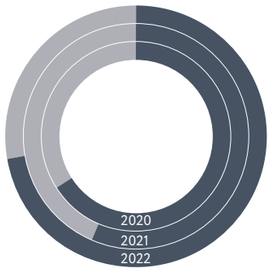
163
persons
the number of hired employees in 2022

In addition to active recruitment of new employees in the third quarter of 2022, employees of the Company's administrative functions (both at power plants and in the Headquarters) began to return to a stationary work mode with elements of remote work. The combination of working from the office and from home allowed employees to seamlessly adapt to the post-pandemic work schedule without losing productivity. To adapt to the new hybrid mode of operation, a series of online and offline events "Return to the office" was held.

In total, 163 persons were hired in 2022, of which 28% are women (against 44% in 2021). The decrease in the number of women employed by the Company is directly related to the commissioning of Kola wind farm located beyond the Arctic Circle while the gender ratio of the Company's personnel remains approximately at the same level. We continue tour focus on increasing the number of women considered in short lists of candidates for available vacancies in external recruitment. This indicator remains at a high level and amounted to 52% (-5% compared to 2021).

52%
percentage of women in the final short list of candidates

Newly hired employees by gender in 2020–2022, persons



2022

Male	**118**
Female	**45**

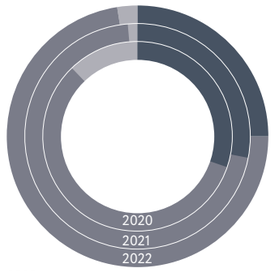
2021

Male	**48**
Female	**37**

2020

Male	**54**
Female	**28**

Newly hired employees by age in 2020–2022, persons



2022

Under 30 years	**41**
From 30 to 50 years	**118**
50 years and older	**4**

2021

Under 30 years	**24**
From 30 to 50 years	**60**
50 years and older	**1**

2020

Under 30 years	**25**
From 30 to 50 years	**47**
50 years and older	**10**

We assess the quality of the recruitment process by the following indicators:

- the average closing time for vacancies which in 2022 amounted to 42 business days that is five days more than the same indicator in 2021 associated with a more dynamic labor market in the reporting period;
- the number of those who quit the job during the first three months – this indicator equals to 13% (against 5% in 2021), we estimate it as average, and it indicates the need to pay closer attention to the quality of the candidates' selection and improving the quality of their further adaptation.

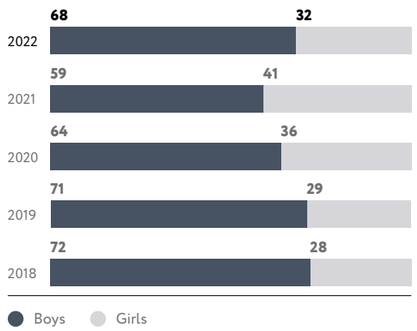
Young professionals

22
students
undertook an internship at EL5-Energo PJSC in 2022

We want as many young people as possible, students of secondary specialized and higher educational institutions, to get acquainted with our Company and its corporate culture.

In 2022, 22 students undertook an internship at EL5-Energo PJSC, of which 15 were finalists of the "Digital Recruitment Days" held by the Company in 2021. Since 2022, we have returned to face-to-face interaction with specialized educational institutions and plan to develop and strengthen cooperation with them in the future.

Number of trainees by gender, %



We aim to support the empowerment of women in the energy industry that is why we are implementing a career guidance program to work with youth. The objective of this program is to increase the motivation of girls to education and their further promotion in engineering occupations. We hold lectures at schools, colleges and universities. We also talk about the opportunities for professional and career growth and development for girls, using our Company as an example.

Employees' training, knowledge retention and experience transfer

GRI 404-1

GRI 404-2

The Company understands that personnel development is the most important factor for its potential growth. We pay great attention to maintaining the pace of professional development of employees and increasing the level of their expertise. We also respond to changing requirements for the qualifications of employees in a timely manner and provide them with the opportunity to acquire new skills in formats and needs appropriate to the current situation. So, for the third year already, the Company's employees have been given the opportunity to independently determine areas for advanced training in managerial skills, including mini-MBA, advanced training, professional retraining (optional) and skills training. Training takes place in an online format that allows employees to determine the schedule and mode of training on their own. In 2022, more than 200 persons used the external learning platform, with a total of 14,250 hours of training.

Due to the pandemic and remote work, almost all of our trainings until mid-2022 were carried out in an online format. In this regard, we paid and continue to pay special attention to the training efficiency and look for new approaches and tools. For example, together with internal trainers, in 2021 we developed an approach to training operational personnel (operation of power plant equipment) and maintenance personnel that was actively implemented throughout 2022.

We are proud that EL5-Energo PJSC is recognized as No. 1 Employer in the Energy & Utilities Industry and is the 3rd in the list of the best employers in Russia according to RBC in 2022

GxFactor

In order to improve the key technical skills of the maintenance personnel, a catalog of 54 critical competencies was formed, an integral assessment of the possession of these competencies among the employees of the maintenance unit was carried out, on the basis of which a map of areas for improvement was drawn up, priorities were set, and work was carried out to increase the level of competency in training formats, advanced training specialization and mentoring through on-the-job training.

In 2022, the program covered more than 200 employees of power plants (or 16% of the total number of maintenance and operation personnel of our thermal power plants). The training plan for the coming years involves participation at the level of 95% of maintenance and operation personnel.

54
critical competencies
formed to further improve key competencies among maintenance personnel

>200
employees
covered by the program in 2022

95%
of maintenance and operation personnel to be trained in the next periods

OpEvolution

In order to reduce equipment failures and emergency situations caused by the personnel's error, slowdown severe personnel errors and their consequences, improve the quality of equipment operation, as well as improve the practical skills of equipment operation by personnel in stressful and emergency situations, areas of knowledge were identified for which personnel training is carried out. The program covers more than 500 persons and was highly appreciated by the Company's employees.

As a result of the program, a re-assessment of knowledge will be carried out, while we strive to achieve a reduction in the number of equipment failures and emergencies caused by personnel by 30%.

>500
employees
covered by the program in 2022

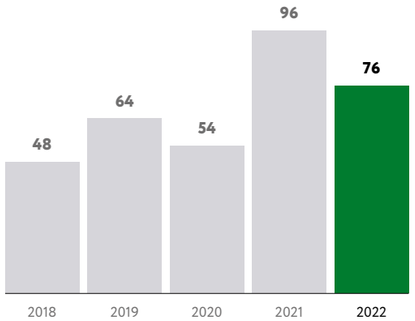
By 30%
we are striving to achieve a reduction in the number of equipment failures and emergencies caused by employees

To increase the expertise and competencies of employees, the technical mentoring system does not stop its work. It is aimed at employees of power plants and consists of transferring practical knowledge from more experienced employees to younger ones.

We support and develop mentoring culture in connection with the need for quick and high-quality inclusion of an employee not only in the business process, but also in the informal corporate culture with the ability to transfer and save innovative ideas, developments and unique experience within the Company. Through mentoring, the goals, strategy and values of the Company are transferred to new employees, and an atmosphere of mutual support and encouragement is provided. Mentoring has a positive impact on the psychological climate in the team, and also it helps to create the team spirit. The mentor has a positive effect on the development of working interaction skills and mutual understanding. Mentoring is most relevant within professional areas that are characterized by a high risk degree. The energy industry is characterized by the use of hazardous equipment of high complexity, in connection with which it is extremely important to provide high-quality training of personnel for the further operation of this equipment, as well as continuity in terms of transferring practical operational experience. At the end of each year, we hold a competition among mentors and, we select nine best ones according to a pre-determined criteria system (three at each power plant). In 2022, 72 employees proved themselves as mentors for 43 students, providing about 10,000 hours of theoretical and about 6,000 hours of practical training.

Our training and development programs cover the entire personnel of the Company. The average number of training hours per employee in 2022 remained high at 75.5 hours per person per year (about nine business days). High figures in personnel training are associated with the implementation of focus training programs on health, safety, environment, quality, integrated management system and sustainability. The average number of training hours aimed at professional development, training in new skills (retraining, training in a new profession, etc.) amounted to 30 hours per employee.

The average number of training hours per employee on average for the Company, man/hours

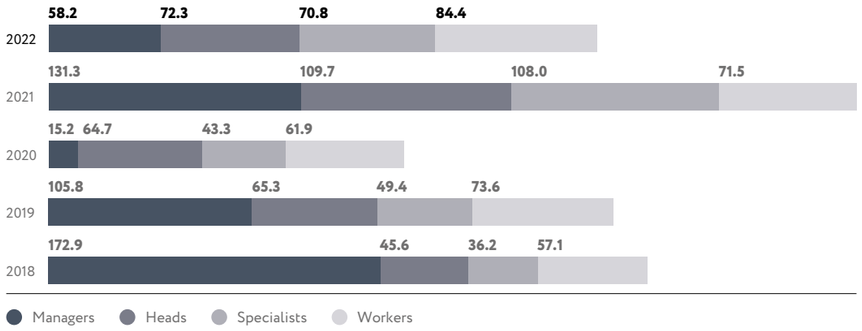


30
hours
the average number of training hours aimed at professional development and training in new skills per employee in 2022

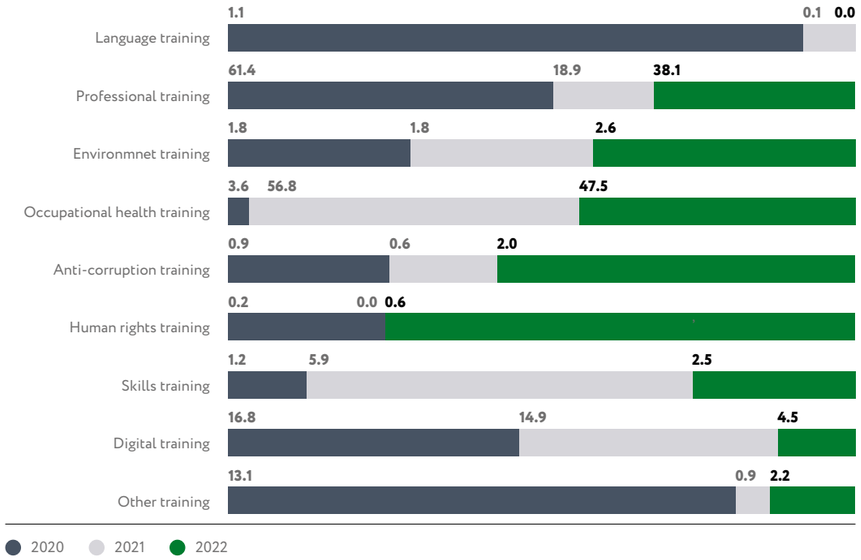
"Upgrade yourself"

We aim to take a creative approach to training in order to stimulate interest and involve as many employees as possible in the process. The special project "Upgrade yourself" started in the spring of 2021 and remains in demand among our employees. "Upgrade yourself" involves short (no more than 2 hours), open weekly online meeting on Fridays. Thus, within the project in 2022, 22 trainings were held on various topics that allowed us to diversify our employees and maintain interest in participating in the project. Examples of some topics: "How to keep interest in work and maintain efficiency", "Psychological flexibility", "Gender stereotypes: modern ethics of communication", "How to overcome professional crises and difficulties", "Found! Alive! Acquaintance with the search and rescue squad" and others. Topics are suggested to us by employees themselves through participation in feedback surveys. The results of the surveys allow us not only to select the most interesting topics for presentations and speakers, but also to improve organizational issues – for example, based on feedback, we adjusted the regularity of webinars and developed a calendar of meetings for the year with a brief annotation of the content of the topic and information about the speaker that allows employees to plan his/her time in advance and prepare questions on the topic for speakers. We record each webinar so that anyone who could not join on the day of the event can watch the video recording at any convenient time.

The average number of training hours per employee by category, man/hours



Training breakdown by areas,[1] %



Personal development of employees

We have revised the succession planning process and identified about 250 successors per 100 managerial positions

We are confident that a strong management team is a guarantee of high-quality succession planning that allows us to preserve traditions, technologies and corporate culture.

We support and develop the established culture of succession: we make sure that the increase in the number of successors also gives a qualitative increase. In this regard, we have revised the succession planning process and identified about 250 successors per 100 managerial positions. Thus, the range of positions for which successors are selected has been expanded by about five times (from 20 positions in 2021 and previous years to 100).

1 Percentage is given of the total number of training hours per year.

At the same time, in 2022, about 90% of key appointments to the positions of senior and middle managers were internal promotions chosen from the successors' pool.

The diversity of successors, taking into account their gender and age composition, is also important to us. For example, the number of women among the successors to senior management positions was 43%, and 56% for the middle management positions. 22% of the successors to middle management positions and 13% of the successors to senior management positions are under 35 years of age.

Long-term career planning is supported and developed through the use of individual development plans, regular progress assessment and implementation of tools to improve managerial skills.

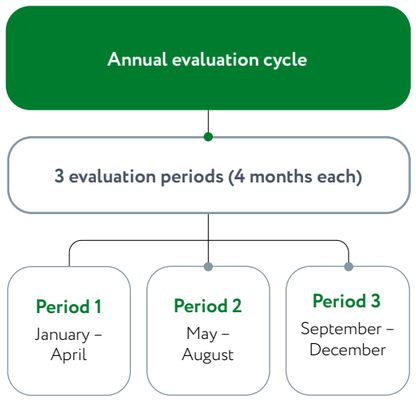
Evaluation and feedback

GRI 404-3

To conduct a comprehensive employees' assessment, we have implemented a tool that includes not only current performance assessment (how well the employees work now), but also the employees' potential, allowing to suggest, with a high degree of probability, how effective the employees will remain in the future. In addition to a standardized overall assessment, first-time high-responsibility managers undergo mandatory assessment steps using a set of proven assessment tools (individual interviews, assessment of psychometric characteristics). Based on the results of the assessment, we formed focus development programs that were implemented in 2022.

Feedback is a fundamental component in the employees' development. By helping colleagues develop through the process of Assessment and Feedback, the employees not only strengthen their communication skills, but also increase the efficiency of business processes by finding the best solutions together.

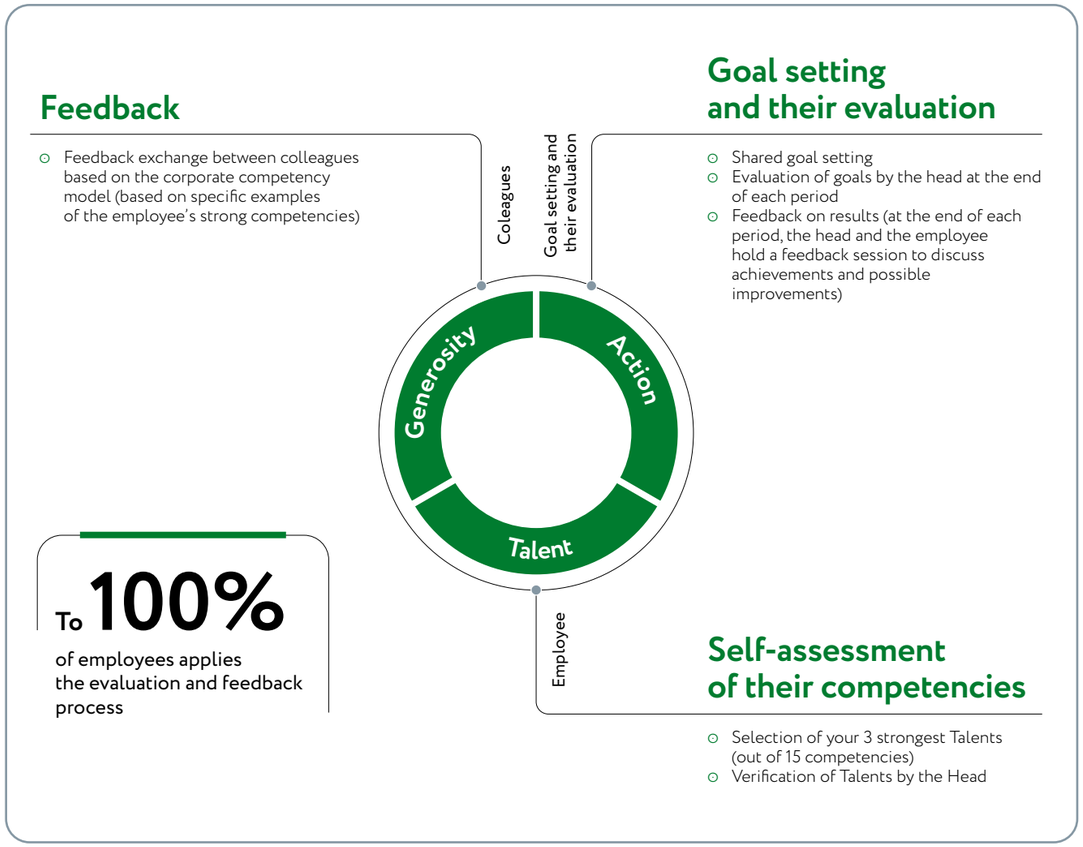
During the calendar year, the Company has three evaluation periods of four months each.



100%

of the Company's employees were assessed for performance and development potential

The evaluation and feedback process applies to 100% of employees and consists of three main blocks:
- "Action" (setting individual goals and their evaluation by the head);
- "Talent" (self-assessment of their competencies);
- "Generosity" (feedback from colleagues).

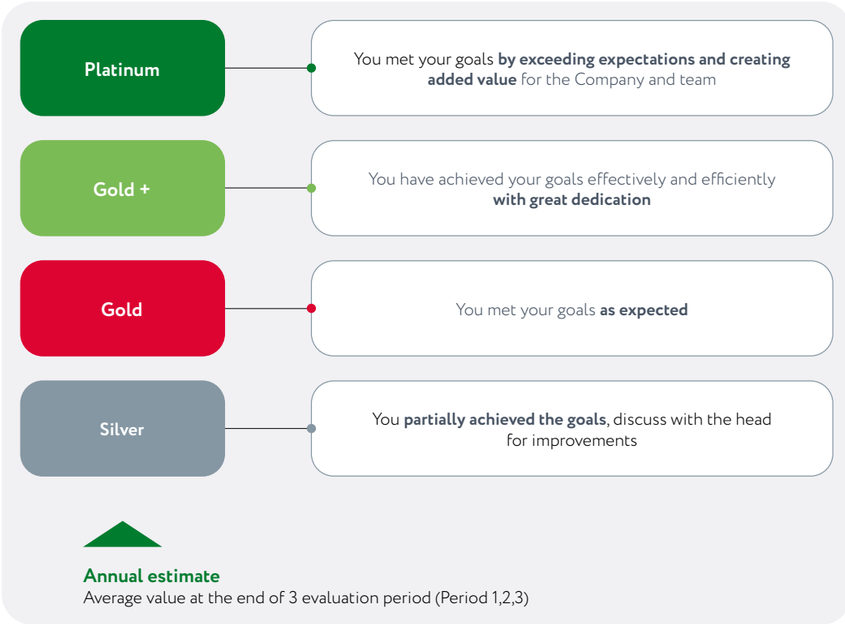


All of the stages described above take place in parallel, repeating each subsequent evaluation period.

A regular evaluation cycle throughout the year is an effective tool for increasing the personal productivity of employees. This format allows employees to meet with their manager more often, discussing not only the results of the year, but also the career development process itself. Both parties can quickly respond to each other's needs by making appropriate adjustments to the action plan.

In each evaluation period, subtotals are summed up and a score for the period is given. An employee's annual assessment is the arithmetic average of the results of assessments over three periods. The rating scale is 4-point and determines the level of achievement of individual goals by an employee.

Goal achievement scale



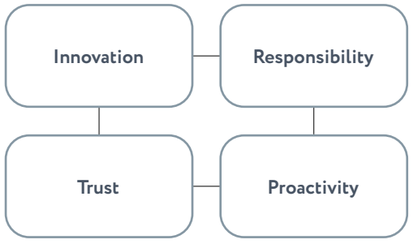
GRI 404-3

100%
of the employees who participated in the assessment process received feedback from managers in 2022

93%
of employees carried out self-assessment of their strong talents

The result of the assessment is the creation of specialized development programs.

Evaluation and feedback criteria are based on the corporate behavior model and the Company's four values[1]:



Due to the shutdown of some foreign IT systems in 2022, the Assesment and Feedback process was completely transferred to the Russian IT system, while maintaining the continuity of the principles and assessment process.

1 As of the end of 2022.

Culture and engagement

We have a strong focus on ensuring that our employees are always aware of new personnel opportunities and changes that are taking place within the Company, as well as interim performance.
To do this, the Company's management and P&O managers hold regular collective and individual meetings with employees.

Thus, in the reporting period, we held online meetings with all employees of the Company to tell them about the current P&O strategy and present an updated model, structure and key projects in relation to personnel. In addition, an organizational change newsletter is issued monthly to inform employees of new appointments and changes in the Company's organizational structure. Our Company remains focused on building flexible human-centered relationships and implementing an individual approach when working with each employee.

Diversity and inclusion

Diversity and Inclusion Policy

People are the fundamental value and the main asset of any company. Careful attention to the individuality of each employee is the key to the success and an integral part of our Company's ESG strategy.

Respecting and promoting the principles of diversity and inclusion, non-discrimination in any form and providing equal opportunities for all are undeniable elements of our corporate values.

COMPLEX THINGS MADE EASIER

Diversity means the set of distinguishing features that characterize each person as an individual.

COMPLEX THINGS MADE EASIER

Inclusion – creating conditions in which different social and cultural groups of people and each person individually are valued, accepted, and respected for their unique skills, experience and development prospects. Also, inclusion refers to the conditions in which everyone is given equal opportunities to participate in the success of the Company.

In 2022, this area of work has received a new development. In August 2022, the Company's Diversity and Inclusion Policy, was approved, which reflects our values, brings together existing practices and activities in diversity and inclusion and equality, and demonstrates Company's commitment to support and transfer these principles.

General principles of the Policy:
- the principle of promoting diversity and inclusion;
- the principle of creating equal opportunities;
- the principle of effective and responsible governance in diversity and inclusion;
- the principle of continuous monitoring and safe feedback.

The Policy is posted on the official website of the Company and it details the principles of work in this direction.

In all Company processes and activities, we rely solely on the professional competencies of employees, regardless of their:
- age;
- gender and identity;
- health status, physical characteristics or disability group;
- race, ethnicity, nationality;
- marital status;
- pregnancy, motherhood, paternity or guardianship;
- religious or other beliefs;
- social and economic status;
- political views and beliefs;
- any other forms and signs of diversity.

In order to make the key provisions of the Policy understandable and accessible to each of our colleagues and be useful in daily life and Company's activities, we have launched a series of projects, initiatives, communications and webinars to support the release of the Policy, which tells more about the main components of diversity and inclusion, the commitment to its principles and what can still be improved.

For example, as part of a series of open meetings, we invited an expert to talk on the topic of age, continuity of generations, and ageism.
The topic of the meeting was named "Age as an advantage – why an employer needs employees of different ages".

On the occasion of the International Day of People with Disabilities, the Company held a thematic week dedicated to inclusion, developing special information materials: screensavers, posters, quiz, "Culture of Communication with People with Disabilities" booklet and more.

Respecting and promoting the principles of diversity and inclusion, non-discrimination in any form and providing equal opportunities for all are undeniable elements of our corporate values

Safety culture and engagement

Safety is the basis for the efficient and successful operation of any enterprise. It is possible to achieve high results in the development of safety culture if employees have a conscious approach to creating a safe environment around them.

To motivate employees to develop a culture of safe behavior and inspire them to change, we are implementing the #LiveSafely project. As part of the project, in 2022, 100% of the Company's personnel were trained in risk management techniques by internal trainers. In total, 21 employees was qualified as an internal trainer (undergoing special training), this approach became a good continuation of the Company's comprehensive work in this direction. The key to developing a responsible attitude to safety is the development of leadership attitude combined with the risk management skills. It is the leadership and risk management approach that are identified as the most effective resources for transforming the safety culture in the Company.

Employee surveys are an important tool for diagnosing the climate within the Company. A total of three major surveys were conducted in 2022: survey on organizational climate, burnout and the "new normal", survey "What initiatives employees need today", survey on effective teamwork. The result of the surveys was the identification

100%

of the Company's personnel were trained in risk management techniques by internal trainers within the framework of the #LiveSafely project in 2022

For more details on the #LiveSafely project, see the **"Selected projects"** subsection

of needs for improvement and the creation of the Engagement Development Program – an action plan, about 50% of which was implemented by the end of 2022. The program covers four main areas:

- training and development (initiatives aimed at expanding training programs, updating development tools);
- trust and awareness (raising the awareness of employees through regular information meetings);
- motivation and reward (improvement of collective agreement conditions, expansion of the life insurance program);
- corporate culture and engagement (improving the employees living conditions, implementing the rules of teams' interaction in a hybrid work environment).

Every month, following the results of the implementation of the Engagement Development Program, a poster "Good News of the Month" is issued, detailing the activities for each block. The poster is published in digital and printed versions that makes it possible to guarantee the availability of this information to the maximum number of Company employees.

A number of surveys are planned for 2023 related to determining employees' engagement and loyalty study, health and safety survey, refinement of the updated corporate competency model, etc.

GRI 401-2

Well-being of our employees

The Company pays great attention to our employees' well-being. We are committed to helping our people in maintaining work-life balance and reducing stress. We create a comfortable working environment, provide high-quality medical insurance and provide additional guarantees and benefits. All these initiatives are aimed at improving the quality of life of our employees.

Mandatory and voluntary social programs

We create decent conditions for preserving and maintaining the health of our employees and provide them with access to an insurance system of high quality. For example, our insurance covers 100% of employees.

In 2022, we expanded insurance coverage for the employees by including dispensary observation of chronic diseases.

Employee insurance system

Our employees insurance system

Life and health insurance policy	Allows an employee or his/her family member to receive an insurance payout when an insured event occurs[1]
Voluntary medical insurance policy	Allows the employees to promptly receive qualified medical care in the most popular and in-demand medical institutions in the regions of residence. This certificate of insurance covers: outpatient care, home visits, routine and emergency hospitalization, dental care, laboratory tests
Certificate of cancer risk insurance	The insurance program covers cancer treatment using all available types of treatment in the best specialized Russian clinics (surgery, radiation therapy, chemotherapy, immunotherapy, hormonal therapy, including coverage of the cost of expensive medications), as well as palliative care. This insurance program includes the organization and cost of the sick employee and accompanying person flight to the place of treatment and accommodation cost
Vaccination	Annual free, on-site flu, COVID-19 vaccination, including revaccination. Tick-borne encephalitis vaccination for the employees working in regions endemic for tick-borne viral-encephalitis, whose nature of work contains the risk of a rick bite
Travel insurance policy	Provided for the entire period of insurance. The employees can use it during both business trips and personal trips
COVID-19 hospitalization insurance	The insurance program guarantees economic protection to the employees who have been hospitalized for COVID-19 and have spent at least 2 nights in the clinic

We strive to fully support our employees in times of their maximum vulnerability, for example, when they are ill. If an employee becomes temporarily incapable of work as a result of illness (takes a sick leave), the Company covers the cost of their additional financial support beyond the standards established by law. We try to minimize employee's possible losses associated with a temporary termination of employment for a given period.

1 An insured event is the initial diagnosis of a critical illness in an employee (a life-threatening illness), injury or disability, or death due to an accident at work.

GRI 401-3

GRI 401-2

GRI 201-3

All employees of our Company have the right to parental leave in accordance with the laws of the Russian Federation. The Company respects family values and provides substantial financial support to employees whose child was born or adopted. We make additional payment above the statutory standards for maternity benefits. In total, 25 employees of the Company took parental leave in 2022. The Company's flexible policy towards new parents serves as an incentive for them to return to work after the end of maternity leave.

We take care of families with children not only at the earliest stages, but throughout the entire period of the child's growing up. Thus, for the employees of power plants who have children, the Company provides for the possibility of reimbursement of the cost of purchasing vouchers for children's health camps. In 2022, the Company provided such employees with the opportunity to receive compensation payments related not only to health improvement or recreation of children, but also such options as to pay for children's training and development courses, schools, sections, hobby groups and medical services. Also, employees are provided with a benefit in the form of partial compensation for the cost of preschool institutions.

We support not only the current employees, but also the people who have been part of our Company for a long time and have left it due to the retirement age. For many years, the Company has had a non-state pension provision plan for its employees, it is available to employees who have worked for the Company for more than 10 years at the time of retirement.

In accordance with the decision of the Company's management in 2021 to change the strategy for corporate pensions for employees, during 2022 a new pension scheme was developed, providing for the joint participation of the employee and the Company in the formation of pension savings, participation in which is possible from the first day of work in the Company. At the end of 2022, communication meetings were held at all power plants to inform employees in detail about the new corporate pension program. The program came into effect from the beginning of 2023.

To ensure a smooth transition from the previous pension plan to the new one, we have developed an additional parity corporate pension plan, the right to participate in which is granted only to persons who were employees of the Company at the end of 2022. This program allows the Company to additionally fund employees' pension savings.

Employees who, due to their professional duties, have an irregular working hours (as a rule, these are employees of managerial positions) are granted additional paid vacation, the number of vacation days varies by position category.

Promotion of healthy lifestyle

GRI 403-6

After two years of strict restrictions and remote meetings due to the COVID-19 pandemic, in 2022 we finally had the opportunity to hold part of the events in person. The hybrid format (a combination of online and offline) of events related to sports and supporting a healthy lifestyle still remains the main one.

We continued to hold a series of marathons online using special mobile applications. So, within the ski marathon that lasted for 60 days, the employees competed in two categories: the longest distance in one training session and the total number of kilometers during the period of the competition. Also in the online format, cycling competitions using GPS technologies, walking competitions, Energy of Speed running competitions, a ski marathon, etc. were held.

The resumption of face-to-face events was well received by employees. At two of the three power plants, the Olympics lasted for almost three months that included various types of competitions: volleyball, darts, checkers tournament, table tennis. In July, Sredneuralskaya GRES hosted competitions in Russian ball game, a streetball tournament, mini-football and karting competitions. In April and December 2022, Vitamin Days were held at all power plants and in the Headquarters, from July to October a campaign aimed at the prevention of cardiovascular diseases "Healthy Heart and Blood Vessels" was organized.

It should be noted that in some events, not only employees, but also members of their families can join them, as, for example, the family holiday "Welcome, summer!" in Konakovo, which was hold in the adventure park "Between Earth and Sky" with eight tracks of different difficulty levels for guests of all ages.

It should be noted that most of the events aimed at promoting a healthy lifestyle are carried out by our Company together with trade unions that allows us to organize them as efficiently as possible and involve a large number of employees.

The wellness program helps us stay resilient, cope with the challenges of time (such as keeping turnover at an acceptable level), gives employees support and a sense of stability.

The Company demonstrates steady growth of indicators in key areas with regard to human resources management (efficiency and social partnership, talent attraction and development, culture and engagement). The basis for further development is the strengthening of leadership potential through the implementation of targeted programs for the development of managers, succession pool, as well as further increasing the level of the employee's engagement.

The Company demonstrates steady growth of indicators in key areas with regard to human resources management (efficiency and social partnership, talent attraction and development, culture and engagement)

Health and safety

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

Occupational health and safety

Activity	Result 2022	Target 2023	UN SDG
LTIFR reduction	0	0	
Growing the culture, awareness and engagement of the Company's employees and contractors with respect to health and safety issues	Proactive level[1]	Proactive level[1]	
Contractor health and safety compliance inspections number of inspections per 1,000 hours worked	N/A	At least 3	

MATERIAL TOPIC

Occupational health and safety

Occupational health and safety for us means not only protecting the lives and health of our employees and contractors interacting with us or performing work on the territory of our power plants, but also taking care of their psycho-physiological condition both during working hours and their free time. Therefore, we develop safety culture and promote responsible and safe behavior regardless of context and location.

1 According to Patrick Hudson Safety Culture Ladder.

Occupational health and safety management

GRI 3-3
GRI 403-1
GRI 403-8

Regulatory documents

Internal documents

- Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy
- Stop Work Policy
- Other regulatory documents that can be found on the Company's website

Integrated Health, Safety, Environment, Quality and Energy Efficiency Policy

We conduct our activities in accordance with the requirements of the Labor Code and voluntarily accepted obligations in accordance with the international standard ISO 45001.

The basis of our health and safety system is the Inegrated Health, Safety, Environment, Quality and Energy Efficiency Policy (hereinafter referred to as the Policy). It applies to both employees of the company and contractors performing work on our territory.

For more details, see the **"Integrated management system"** section

Stop Work Policy

Regulatory documents

In accordance with the Policy, we are working on the following areas

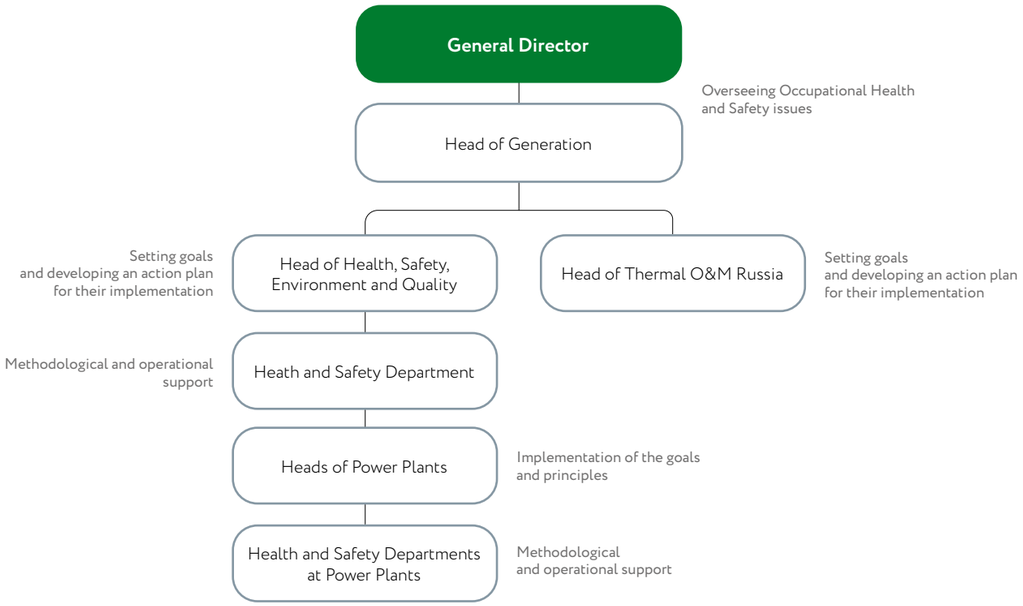
- Compliance with established operation procedures and a proactive approach to risk mitigation and elimination
- Manage facilities according to best practices and technologies
- Open dialogue with internal and external stakeholders
- Increase employees engagement and formation of sense of involvement
- Training and sharing of information with employees, development of skills for safe behavior
- Careful selection of suppliers and contractors

91.2%

of the HSEQ goals set and approved as part of the IMS for 2022 have been achieved

Health and safety issues are at the forefront of any meeting or event held at the Company, whether it is a management meeting, a Board of Directors meeting or the Annual General Shareholder's Meeting. At the highest level, control over health and safety issues is the responsibility of the General Director and the Head of Generation. The Head of Health, Safety, Environment and Quality and the Head of Operations and Maintenance, who report directly to the Generation Director, are responsible for setting objectives and developing an action plan for their implementation. Health and Safety Department, headed by the Head of the Department, is responsible for methodological and operational support in implementation of the goals. At the level of power plants, the Directors of the power plants are responsible for implementation of the set goals and health and safety principles. Methodological and operational work in the field of health and safety is carried out by the Health and Safety Departments at the power plants.

Health and safety management structure



In order to maintain the efficiency and timely implementation of the necessary changes in the health and safety management system, we annually conduct a process of self-assessment of the management approach at the management meeting on the analysis of the integrated management system (hereinafter – IMS).

The HSEQ goals set and approved as part of the IMS for 2022 have been achieved by 91.2%, which is in line with the plan. The following key areas have been selected as the main ones:

- development and implementation of digital tools in health and safety;
- increase of control over work execution at the power plants;
- identification of health and safety risks at the workplaces.

Health and safety issues are also connected with the key performance indicators (KPIs) of both managers and employees of the Company.

Fulfillment of ⩾90 percent of goals set for 2022 in accordance with the action plant within the IMS

Injury frequency rate <0,13	Introduction of additional digital solution for continuous control over contractors´ health, safety and environment inspections
Zero fatal accidents with employees and contractors	Performing at least 9,000 contractor inspections (total number of health, safety, and environmental inspections
Assessment of at least 40 contractors: ⩾34 on health and safety; ⩾6 on environment	At least two ECoS cheks performed (total number ECoS on health, safety and environment)

The Company monitors the KPIs on a monthly basis, and the final assessment of performance is summarized at the end of the year.

For more details, see the **"Integrated management system"** section

We are committed to maintaining an effective health and safety management system and regularly invite certified companies to conduct annual certification and compliance audits. In 2022, an agreement was signed for certification according to five international standards. External certification audits are scheduled for 2023.

For more details on IMS, see the **"Integrated management system"** section

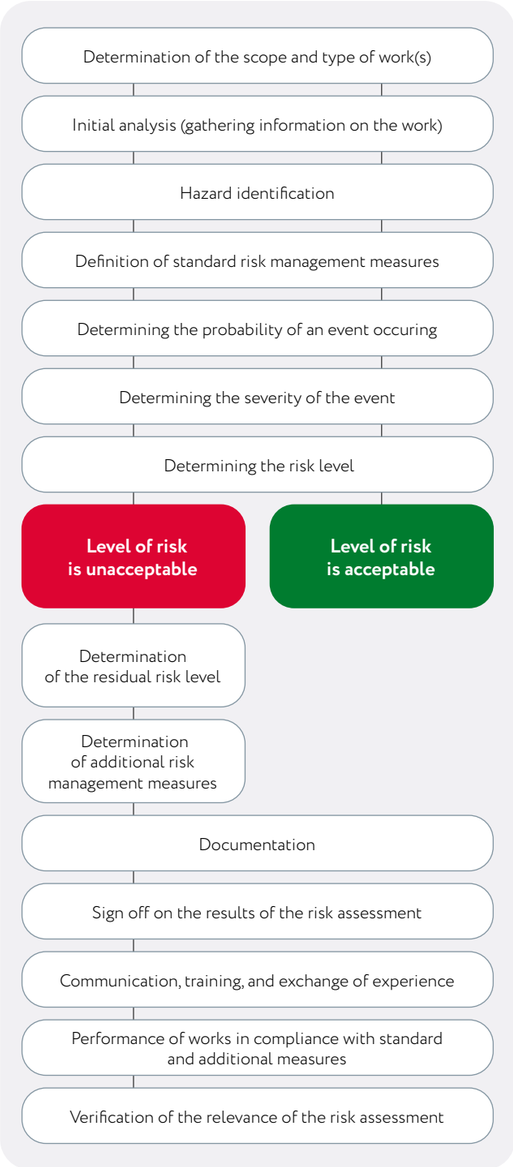
Risk assessment and occupational injury reduction

GRI 403-2

GRI 403-9

Occupational health and safety risk management

Risk assessment process



The current assessment system allows for timely identification of risks of work accidents, occupational diseases, emergencies and other incidents, as well as the timely implementation of effective measures for their prevention and reduction.

The assessment is carried out in accordance with the requirements of the current legislation of the Russian Federation and internal policy No. 665 "Assessment of health and safety risks for employees when performing work".

Occupational safety risk matrix

Probability

Severity	Risk	1 Very unlikely	2 Unlikely	3 Possible	4 Likely	5 Very likely
1	Negligible	1	2	3	4	5
2	Minor	2	4	6	8	10
3	Moderate	3	6	9	12	15
4	Major	4	8	12	16	20
5	Catastrophic	5	10	15	20	25

The assessment is carried out by a special group consisting of employees who have sufficient knowledge of the performance of the activity to be assessed. The team leader is an employee who is directly responsible for the organization and execution of the assessed activity or who has the experience to conduct such assessments. Risk assessment is also carried out with the participation of contractors. The results of the assessment are subject to approval by the Health and Safety Department of the respective power plant.

Risk assessment for employees with disabilities is carried out taking into account their characteristics and needs.

We review our risk assessment process at least once every five years, or more frequently in case standard working conditions have been changed, including:

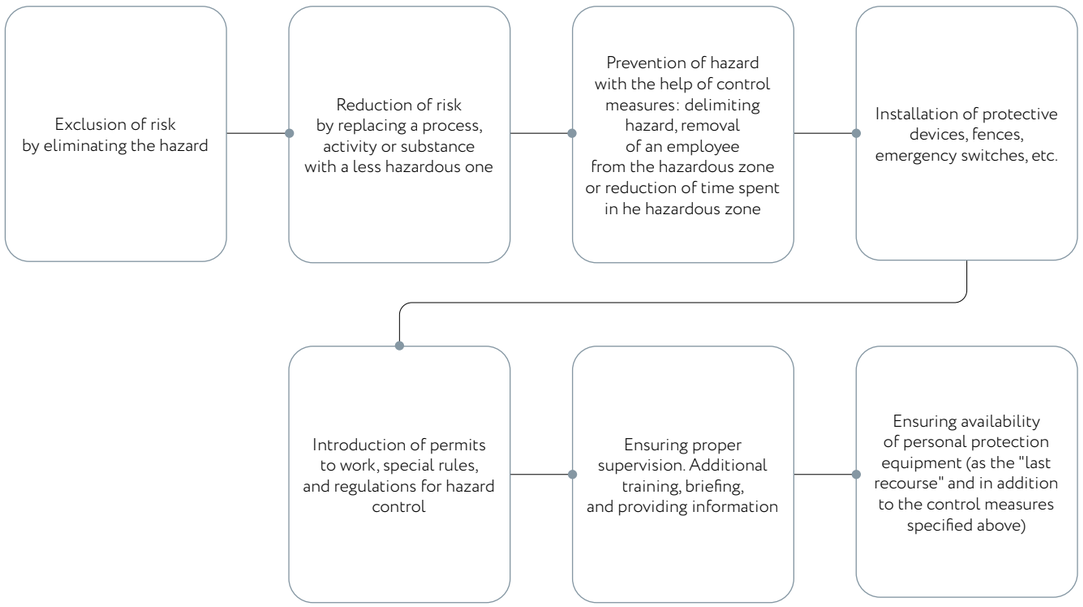
- the occurrence of an accident;
- modernization of equipment;
- changes in maintenance process;
- in case of other events that may affect the level of risk.

A series of corrective actions are taken to eliminate or reduce the identified risks. The effectiveness of these actions is then monitored.

Recording and studying the detected risks in the field of health and safety, we regularly amend the corporate risk matrix, forming a common understanding of the level of risk among all employees of the Company. In 2022, 17 near misses and 5 micro injuries cases were recorded and analyzed, and corrective actions were developed based on the results of the investigation.

Risk assessment for employees with disabilities is carried out taking into account their characteristics and needs

Hierarchy for defining standard and additional management measures to reduce the level of operational risks



Just like in previous periods, in 2022, at each power plant of the Company inspections of workplaces, equipment, buildings and structures were carried out. Inspections are carried out by employees of the power plants and the HSEQ Department. In 2022, the Company switched to the Russian Software platform – CheckOffice for registering identified risks and inspection results.

Inspection results by categories of incidents

0
Fatalities

0
Accidents

5
Micro injuries

An incident that resulted in an injury requiring medical attention in a medical facility or the use of a first aid kit. In case of first aid, the injured person returns to work on the same day or the next day

17
Near miss

A kind of unplanned incident that did not lead to injury or illness but could potentially lead to it

5 378
Non-conformities

Any deviation from the requirements of regulatory documents, detected during inspections of workplaces, equipment and buildings by any employee of the company

CHECKOFFICE

Occupational injuries reduction

As the main statistical indicator, we use combined indices that include accidents involving both Company employees and employees of contractors during execution of work on our territory.

We use three separate indices that correspond to generally accepted ones:
- number of fatal accidents;
- number of life changing accidents;
- other relevant accidents related to the Company's operations.

In addition, we also keep record of Injury Frequency Rate and Lost Time Injury Frequency Rate (LTIFR) which is calculated according to the formula:

$$\text{LTIFR} = \frac{\text{Xacc} \times 1{,}000{,}000}{\text{Y hours}}$$

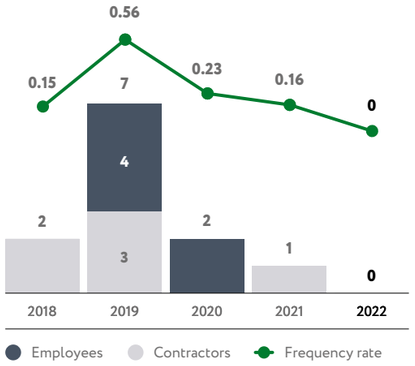
where X acc – the total number of accidents that occurred with employees and contractors during the reporting period;

Y hours – total hours worked.

Such a division into separate indices allows us to determine the severity and potential of accidents that have occurred more clearly, as well as timely adjust management approaches in relation to health and safety issues.

In 2022, we improved our injury reduction results. Thus, the frequency index was 0, which confirms the effectiveness of preventive measures aimed at reducing injuries and improving the work culture of the company's employees and contractors.

Accident frequency rate and number of accidents by employees and contractors



	2020	2021	2022
Wind generation	0	0.70	0
Thermal generation	0.27	0	0
Thermal and wind generation	0.23	0.16	0

A division into separate indices allows us to determine the severity and potential of accidents that have occurred more clearly, as well as timely adjust management approaches in relation to health and safety issues

0
cases
of industrial injuries among Company employees and contractors in the joint perimeter of thermal and wind generation in 2022

Health care of employees

GRI 403-3

GRI 403-10

All our employees undergo regular medical examinations to monitor their health. In addition, employees may request medical care on their own at any time – this is provided for by the voluntary medical insurance system, which applies to all employees without exception.

In the reporting year, just as in previous years, the Company did not register any case of occupational disease among the employees. The Company also received no appeals from representatives of state bodies in charge of monitoring and managing data in this area.

For more details on employee insurance system, see the **"Well-being of our employees"** subsection

0
cases
of occupational diseases in the Company in 2022

0
appeals
from state bodies in connection with the occurrence of occupational diseases among employees of the Company in 2022

The Company does not have information on regular medical examinations of our contractor's employees due to medical secrecy and the fact that this information is available only to the direct employer.

On the territory of each power plant there is a round-the-clock medical center that can be contacted by any employee or contractor. Depending on the condition of the applicant, the medical center employee can provide independent assistance, send the applicant to the appropriate medical facility for additional examination, or call an ambulance team in emergency situations.

Additional support in health and safety matters during maintenance activities

The Company strives to comprehensively ensure the safety all of employees. If the functionality or scope of tasks of the employees differs from the usual (for example, major maintenance or the implementation of special projects), the additional support group comes to assist.

Such groups are created at all power plants of the company and function within the Safety Moving Pool project. The main members of the groups are the operational personnel who perform maintenance of the shutdown equipment. The results of the checks performed by the Safety Moving Pools are also registered in CheckOffice.

The main task of the additional support groups is to advise and monitor compliance with legal norms and Company requirements during the placement, installation, maintenance and repair of technological equipment and other special projects that have been determined by the Company's management.

In 2022, all maintenances lasting more than 25 days were included in the schedule of support by Safety Moving Pools. Orders were issued in accordance with this schedule, defining the composition of participants and responsible persons. In the reporting year, more than 600 inspections were carried out, during which more than 300 non-compliances were detected. These violations were either promptly eliminated directly on the spot without stopping work, or, in case of detection of serious deviations, work was stopped until they were eliminated.

>600
inspections
carried out during the reporting year, during which more than 300 non-compliances were detected

Assessment of health and safety system of contractors

The focus of our constant attention is not only our own health and safety system, but also health and safety systems of the organizations with which we cooperate. We help them identify the most vulnerable parts of the system and develop a set of measures to improve it. Since this process is constant, the main contractors undergo such an assessment annually.

In 2022, we conducted a comprehensive assessment of the health and safety system for more than 50 contractors. Organizations in need of improvement based on the results of the assessment were provided with partner assistance to adjust their management processes to the level of our expectations.

Types of contractor's health and safety system assessment

Scheduled
(according to the schedule for the current year)

In what cases is scheduled assessment is carried out?

The organization is on the list of main contractors or is a subcontractor of the main contractor, and one or more of the following is true:
- PSI index[1] ⩽70 ⩽70 when assessed last year;
- presence of two or more report items with a "Critical" rating last year;
- was not assessed last year;
- claims for compliance with the health and safety requirements were recorded through acts formalized during periodic inspections;
- a major accident was recorded last year;
- presence of serious violations in the IT tool.

Extraordinary

In what cases is extraordinary assessment is carried out?

The organization is a new contractor to the Company or, a scheduled audit detected weak areas, including:
- after cases of injury, as well as incidents, dangerous situations, violations that did not result in injury, but had the potential for it;
- when health and safety events resulted in a suspension of work, in accordance with the Stop work policy;
- when a scheduled inspection resulted in a PSI ⩽60;
- based on the results of the past assessments of a contractor by the assessment committee (with the PSI index ⩽60);
- based on the results of the analysis of the implementation of corrective measures in relation to a contractor/subcontractor;
- in accordance with the requirements of the relevant local regulations of EL5-Energo PJSC at the stage of qualification, procurement procedure and contract management;
- other significant events affecting the health and safety system of a contractor/subcontractor.

Safety culture development

GRI 403-4
GRI 403-5

Information and training in health and safety

The health and safety system aims not only to reduce risks and improve injury rates, but also to improve the health and safety culture of our employees and contractors.

As an employer, we are responsible for organizing and monitoring mandatory training. We only allow qualified contractors and subcontractors to work at our power plants, who have been trained and have received a safety induction.

100%
employees of the Company receive regular mandatory health and safety training – both in accordance with legal requirements and in accordance with the Company's extended training program

1 PSI – production safety index.

The Company has developed a set of training courses, which cover the following areas:

- health;
- safety;
- safety of hydraulic structures;
- safety in the field of electric power industry;
- fire safety;
- civil defense and emergency situations;
- safe methods of work (including work at height, work in confined spaces);
- additional professional education, etc.

The training program is compiled for each employee individually, depending on the position held and the functions performed.

This year, we continued to develop the #LiveSafely project, which aimes to provide additional training to employees, focusing on their involvement in the identifying risks in the workplace.

For more details on #LiveSafely project, see the **"Selected projects"** subsection

In 2022, due to changes in legal and regulatory acts of the Russian Federation, all employees of the Company received extraordinary mandatory training in the field of occupational health and safety.

The quality of our training is important to us, so we involve both internal specialists and external certified companies for its execution. Training takes place both online and offline. At our power plants, training committees are organized, and based on the results of their work a protocol, licence or certificate is issued.

Throughout the year, we regularly inform about the importance of compliance with health and safety requirements, using all existing internal communication channels. Our employees highly appreciate the Company's efforts in the field of health and safety, noting in corporate surveys that this topic is one of the most widely covered.

For more details, see the **"Stakeholder engagement"** section

Feedback mechanisms

Safety is our top priority, so we welcome reports of any potentially hazardous situation that could result in an injury or risk to life.

188

stop-works

were made across all the power plants in 2022

According to the provisions of the Stop Work Policy, any employee of our Company or any contractor operating on our territory, regardless of position, status or role, has the right and must demand a stop-work if, they believe that it endangers the life and safety of themselves and / or other people, and also poses a risk of damage to the environment or to archaeological and cultural heritage. In 2022, 188 stop-works were made across all the power plants.

Stop Work Policy

Communication channels which an employee or a representative of any other stakeholder group can use to report a hazardous situation or obtain advice are the following:

For employees

- **Direct communication to immediate supervisor**
- **Direct appeal to Health, Safety, Environment and Quality Department in person through any means of communication**

For external stakeholders

- **Appeal to Health, Safety, Environment and Quality Department using feedback form on the website**

We carefully review each appeal and take action where necessary and provide feedback upon completion of the procedure. We understand the level of responsibility when receiving a report on a hazardous situation and guarantee the applicants complete freedom from accusations of suspending work, even if such action will later be deemed unnecessary.

All visitors to the power plants are necessarily informed about safety rules and the availability of communication channels during the introductory briefing.

Selected projects

Health and safety of our employees and contractors is our highest value. Every year we implement projects aimed at constant improvement of safety environment and development of safe behavior skills.

Visual safety

In 2022, we continued to implement the Visual Safety project. As part of this project, we are investing in special engineering solutions to visualize the risks associated with equipment and facilities. The following areas were chosen as the main ones in 2022:

- visualization of elevation differences on the walking ways;
- renovation of safety signs on the internal roadways of the power plants;
- labelling of hazardous areas and overdimensioned parts of equipment, buildings and structures.

#LiveSafely

To reduce the risk of accidents associated with a deliberate or accidental violation of safety rules, we launched the #LiveSafely project.

The project is being implemented in several stages. At the first stage, an independent study was conducted to determine the starting point. This study covered most employees and was completed in 2021.

For more details on the research and launch of the project, see the **Sustainability report 2021** (p.241 "Selected projects")

The next stage involved the development of materials to train employees in workplace risk management – the "Risk Hunting" methodology.

The entire staff of the Company was trained according to this methodology (over 1,400 employees). In addition, more than 1,500 risks were detected and assessed during the "Risk Hunt" process. As a result of the assessment, more than 3,000 different measures were developed to reduce the degree of possible impact on employees, of which more than 1,600 have already been implemented.

>1.4

ths of employees

were trained according to the "Risk Hunting" methodology

The Company's IT department developed a special online platform to control and manage the project

Our approach to improving safety is to eliminate risks by enlisting the support of colleagues with a high level of knowledge and responsibility in this area. We formed a pool of internal coaches (22 employees), whose main task was to teach conscious and professional behavior in the field of safety to all our colleagues by developing the ability to identify risks.

The results of work on risks detected and measures to eliminate them are considered at meetings of the committees of the power plants under the leadership of the Heads of power plants on a monthly basis. Risks with a high probability and possible severe consequences and measures to eliminate them, as well as the results of the work done in this direction, are considered at quarterly meetings of Health and Safety Committee chaired by the Head of Generation.

In 2022, the Company also launched a program to motivate the most active employees in order to encourage participation in the risk management system and involve others in this activity.

Sustainability report 2021

Safety Partnership

Not only work at production facilities of our employees, but also employees of contractors. The number of them may vary depending on the goals and objectives of individual projects. We consider our contractors as partners in all respects and we share with them all our values and methods for achieving them, including our commitment to health and safety, explaining the assessment process and objectives for compliance indicators. When necessary and by mutual agreement, we provide reliable contractors with tools for developing health, safety and environment management system in their company and involve our experts.

Approach to managing critical events

GRI 413-2

We recognize that our operation activity may cause incidents. We take all possible measures to prevent them and ensure the safety of employees, maintain equipment performance, and fulfill our obligations to generate electrical and thermal energy. We also focus on the issues of preventing negative impact on the environment, protecting assets, the image and reputation of the Company and its management.

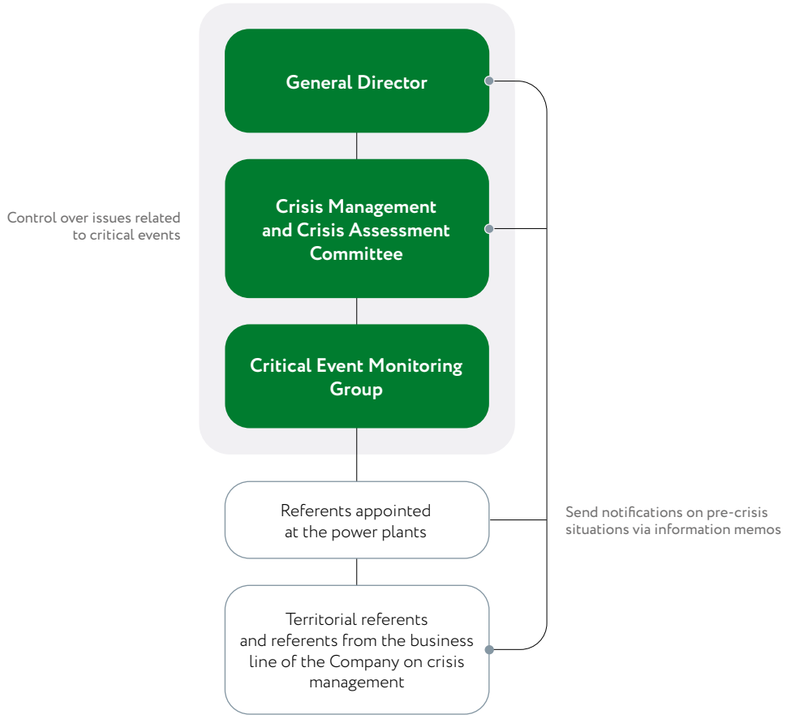
Organization of the process

To ensure readiness for such situations, the Company uses critical event management system. It is based on compliance with legal acts and implementation of the best Russian and international practices in anti-crisis management.

In accordance with the internal "Critical Event Management" policy, we are committed to taking prompt and effective action in the event of a critical situation and to providing reliable and up-to-date information on incidents to stakeholders.

The Critical Event Control Department, which includes the Security Department and the Crisis Communications Group, is responsible for preventing the occurrence of critical situations in the Company. It constantly monitors the information field to identify potential critical situations and performs a multi-level assessment of the possible impact of the event, the potential consequences of its coverage in the public space and the likelihood of a pre-crisis situation.

Control over issues related to critical events



Emergency Management

At our power plants there are committees for the prevention of emergency situations and ensuring fire safety

We pay attention to training of our employees on fire safety issues.

The critical event response procedure and plan are subject to communication to employees of the power plants and employees of contractors during scheduled classes, briefings and exercises.

At our power plants we have committees for the prevention of emergency situations and ensuring fire safety, which are part of on-site team of the unified state system for the prevention and elimination of emergency situations and the fire department at thermal power plants.

Approach to accident consequences management

We take all possible measures to prevent accidents and emergencies. We ensure the readiness within the Company to localize and eliminate the consequences of accidents at hazardous production facilities of the Company in case of such incidents. To this end, we have organized reserves of material, technical, engineering and financial resources, as well as concluded agreements with professional emergency rescue teams.

In order to organize and implement production control over compliance with safety requirements at hazardous production facilities of the Company, all power plants use a unified automated information system MyObject, which allows managing the processes of conducting internal checks regarding the operation of technical devices at a hazardous production facility and controlling the timeliness of industrial safety expert reviews. For all hazardous production facilities, the Company has developed action plans for the localization and elimination of the consequences of an accident. For employees working at these facilities, emergency drills are organized according to scenarios that take into account accidents on various types and kinds of technical devices.

Ensuring readiness of power plants during heating season

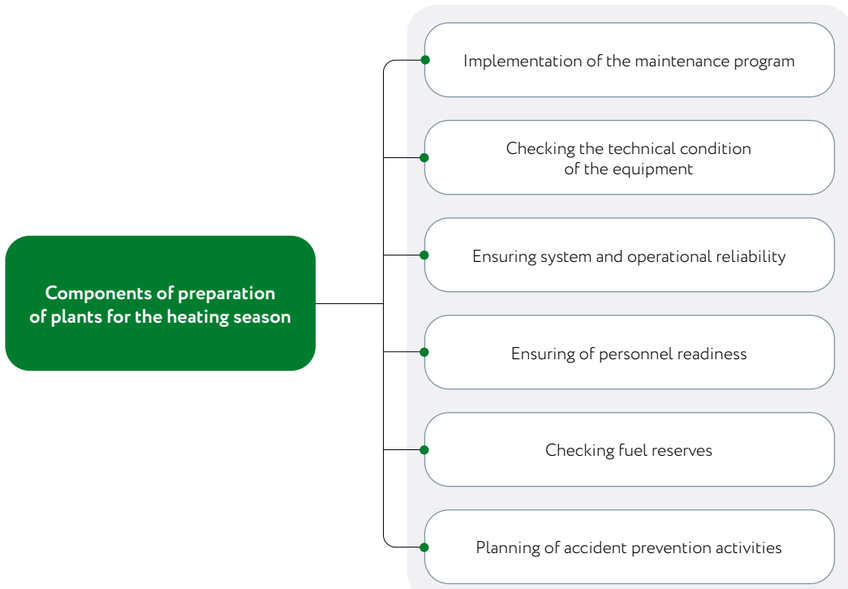
Every year, before the start of the heating season, we receive a Certificate of Readiness for operation in the heating season. The document is issued by the Ministry of Energy of the Russian Federation on the basis of a special assessment carried out in accordance with the state methodology.

At each of the Company' power plants, a set of measures is taken to ensure system reliability and technological safety during periods of peak loads and in conditions of low outdoor temperatures.

During preparation for the heating season, we hold additional training and knowledge testing in terms of compliance with health, industrial and fire safety, as well as prevention of emergency situations.

In 2022 based on the results of the assessment the Ministry of Energy of the Russian Federation, EL5-Energo PJSC and Azov WPS LLC assessed as "Prepared" for winter period according to the new methodology.

In 2022 based on the results of the assessment the Ministry of Energy of the Russian Federation, EL5-Energo PJSC and Azov WPS LLC assessed as "Prepared" for winter period according to the new methodology



Our work with local communities

For full version of the Sustainability plan, see the **website**

Engaging the local community

Activity	Result 2022	Target 2023	UN SDG
SDG-linked support to communities number of beneficiaries, ths of people, at least	123.3	75	3, 4, 7, 11
Launch of a revised program of employee involvement in corporate volunteering projects % of involved employees	Program development	Program launch	3, 4, 7, 11
Increase of local social partners' involvement in the Community Support & Development program by 20% applications per year	25	30	4, 13
Increase of employee participation in the Community Support & Development program by 50% applications per year	3	5	8, 11

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

MATERIAL TOPIC

Engaging the local communities

Trust and cooperation are two fundamental components of interaction between EL5-Energo PJSC and local communities. We maintain an honest, open dialogue with government authorities, business and social partners. The result of such relationship is mutually beneficial cooperation, projects and initiatives that contribute to the development of the regions of our presence.

Managing interaction with local communities

GRI 3-3

Regulatory documents

Internal documents

- Code Of Ethics
- Stakeholder Engagement Policy
- Human Rights Policy
- Operating Procedure "On Charitable assistance and social activities"
- Operating Procedure "Interaction with Educational Institutions"
- Regulation "Identification and Management of Creation Shared Value Projects"
- Community Support and Development Program
- Regulation of the Social Grant Competition

Code Of Ethics

Stakeholder Engagement Policy

Human Rights Policy

For more details on the Scheme for managing the interaction with local communities, see the Company's **website**

Our contribution to the development of the regions of presence is ensured through creating workplaces, paying taxes to the budgets of all levels, implementing and supporting the most important and priority projects for the population.

The Head of Sustainability Unit, who reports directly to the General Director, is responsible for developing a vision and a common approach for interaction with the regions of presence, taking into account the mission, values and principles of the Company, as well as the peculiarities of each specific territory.

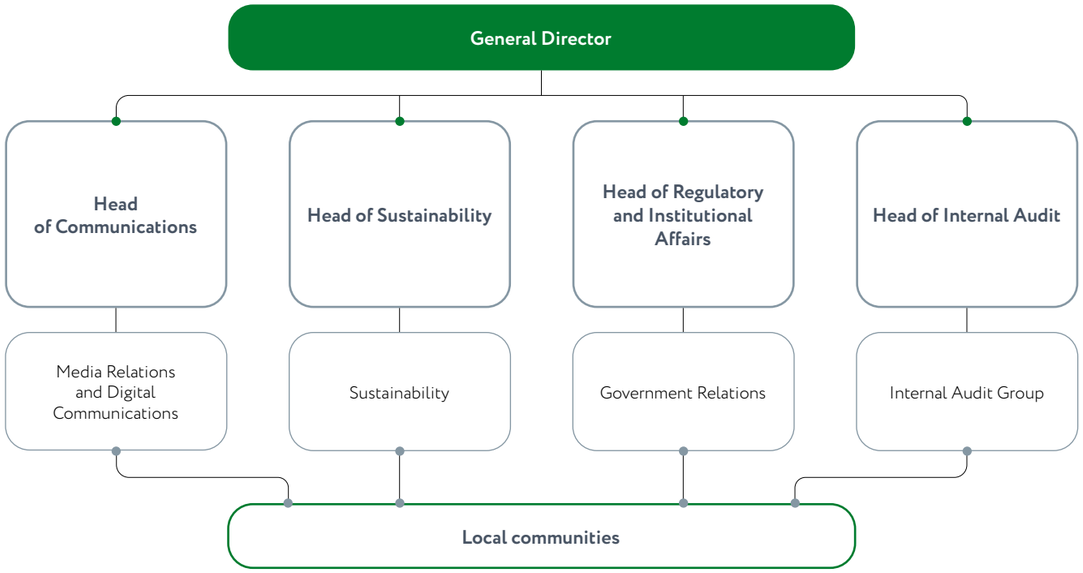
The Sustainability Unit is responsible for developing and implementing initiatives to engage local communities in a constructive dialogue. The main mechanisms for this are:

- organizing public hearings, consultations and negotiations;
- addressing appeals and complaints;
- implementing targeted programs to support local communities.

In addition, interaction with local communities is supported by:

- Head of Regulatory and Institutional Affairs, whose subordination structure includes regional representatives responsible for relations with local administrations and control over the implementation of sustainability projects locally;
- Head of Communications, who manages interaction with local and regional media, communication with local residents through social networks and the implementation of information campaigns;
- Head of Internal Audit, whose functional unit receives and processes anonymous complaints, including from local residents;
- If local residents have questions related to the environmental impact of the power plants and environmental protection, they can always send their questions or complaints to the Head of the Environment Group.

Scheme for managing interaction with local communities



Objectives of local communities development

It is important for us to participate in the search of solutions to the most relevant social and environmental issues that arise in the regions where the Company operates, so that the efforts and actions taken contribute to the development of society and serve to strengthen the Company's position.

We work with the most active representatives of local communities among residents, representatives of public authorities, business and the non-profit sector to develop and implement initiatives that contribute to the development and well-being of all participants of the process. For example:

- In December 2022, Kola wind farm, a strategic investment project in the Murmansk region, was partially put into commercial operation.
- EL5-Energo PJSC contributes to the social and economic development of the Murmansk region, including its tourist attractiveness. We regularly take part in the discussion on the development and promotion of industrial-event and eco- tourism. As part of this process, we have traditionally supported the holding of the Russian Snowkiting Championship in 2022.
- Also in November 2022, Kola wind farm opened its platform for the Ecological Dictation, an interactive educational project aimed at popularizing ecology, raising environmental awareness and accumulating knowledge about caring for nature.

To effectively solve problems and be ready to respond to new challenges, we constantly improve our practices and regularly review our approaches, adapting to changes and developing new activities.

Evaluation of the Company's impact on the local communities

GRI 413-1

EL5-Energo PJSC has a direct and indirect impact on the social and economic situation in the territories where its power plants are located, as well as on employees and local residents. The Company's activities contribute to raising the standard of living of the population, creating added value that stimulates the development of the regions of our presence through the following mechanisms:

- consumption of local goods and services and acting as a major taxpayer;
  For more details, see the **"Tax Transparency"** section
- promoting economic development through partnerships with suppliers and contractors
  For more details, see the **"Sustainable supply chain development"** section
- investing in the social and economic development of territories through the implementation of the Community support and development program.

Our principles of ethical and responsible business realization apply equally to all processes and relationships in all regions of presence.
As a responsible employer, we guarantee to our employees:

- regular and competitive salary;
- one of the most attractive compensation packages in the industry and regions of presence;
- diversified program of development, non-material support and motivation.
  For more details, see the **"People we work with"** section

The life and safety of our employees, residents of the regions where our power plants are located, and representatives of other stakeholders is an absolute priority for our Company. We strictly adhere to safety rules in our production activities and make sure that we do not cause harm to the lives and health of others.

We consider it our duty not to stand aside and to take all possible measures to spread a culture of safety among our employees and residents of the regions where the Company operates. We try to draw the attention of the population to the fact that not only the territory of the power plant and the facilities located outside its perimeter and related to production processes are objects of increased danger, but also some of our daily activities and situations may involve hidden and obvious risks.

The Company's activities contribute to raising the standard of living of the population, creating added value that stimulates the development of the regions of our presence

>2.5
ths schoolchildren
of various ages took part in the water safety lessons in 2022

Sustainability Report 2021

In the Sustainability Report 2021 (p. 255) we disclosed information about an accident that occurred on the territory adjacent to Nevinnomysskaya GRES. In order to prevent the risk of non-compliance with safety requirements at our hydraulic structures, a project to install a protective fence around the discharge channel of Nevinnomysskaya GRES was launched in 2022: installation of the fence itself, an LED lighting system, a video surveillance system and a loudspeaker to prevent access to the hydraulic structures of the power plant.

In addition, the Company, together with representatives of the Ministry of Emergency Situations and emergency services, conducted open lessons on water safety for students in all regions where the Company's conventional generation facilities are present. During the lessons, the children were reminded that swimming and going by boat near and on the hydraulic structures of the power plants is prohibited, as it is life-threatening, and they were also informed about the rules for safe behavior in water in the summer.

In total, about 2.5 ths schoolchildren of various ages took part in the lessons. During the lectures, the peculiarities of locating power plants near water bodies were explained to the students.

GRI 413-2
GRI 203-1
GRI 203-2

60.85
RUB mln
the total budget for all types of projects aimed at interaction with local communities

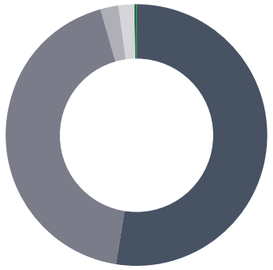
We do not limit ourselves to activities solely within the framework of the Community support and development program, but also implement other projects and initiatives for residents of the regions of our presence.

The total budget for all types of projects aimed at interaction with local communities in 2022 amounted to more than RUB 60.85 mln (in 2021 – more than RUB 32.84 mln). The difference in the volume of social investments compared to the previous period is related to additional requests for support of initiatives caused by the current geopolitical situation and the positioning of the Company in a new field of renewable energy business and the respective regions of presence. In our initiatives, we try to focus on projects that create long-term value for the beneficiaries, which is why we give preference to complex projects involving several participants or projects that consist of several stages of implementation.

In 2022, the areas of social investments included the following main areas:
- education, including institutions of higher, secondary, preschool and additional education;
- health care;
- sports and promotion of a healthy lifestyle among children and youth;
- development of infrastructure projects and some others.

Social investments,[1] %

How we contribute

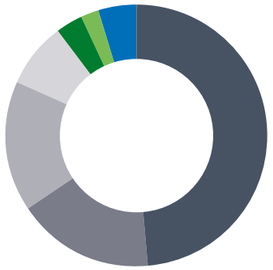


Monetary investments	**52.51**
Costs of supporting initiatives	**43.22**
Time investments	**2.21**
In-kind giving	**2.04**
Management costs	**0.03**

Where do we contribute

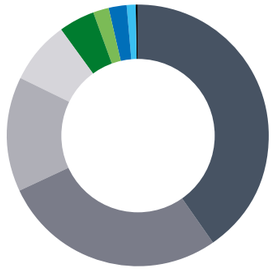
Charitable donations	**56.39**
Infrastructural community investments	**34.26**
Commercial initiatives with social impact	**9.35**

Where we support



Stavropol region	**48.64**
Tver region	**17.05**
Sverdlovsk region	**16.01**
Moscow	**8.22**
Rostov region	**3.37**
Murmansk region	**2.13**
Cross-regional initiatives	**4.59**

What we support



Infrastructure	**40.43**
Education	**27.73**
Social Support	**14.17**
Healthcare	**7.82**
Sports	**4.34**
Culture	**2.14**
Volunteering	**2.12**
Energy efficiency	**1.22**
Arts	**0.04**

In 2022, as part of the Community support and development program and other initiatives carried out jointly with other divisions of the Company, we implemented

75
projects
aimed at more than

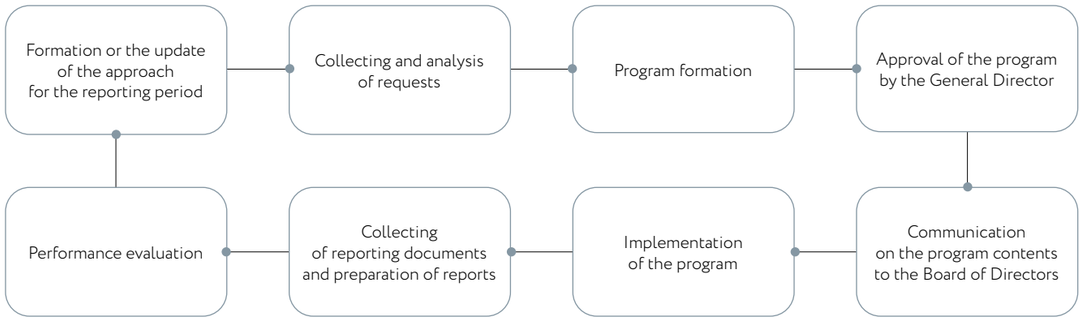
123
ths
beneficiaries

1 Data was analyzed using the Business for Societal Impact (B4SI) methodology (formerly London Benchmarking Group, LBG). Charity purposes refers to one-time support in response to stakeholder needs or external events. B4SI considers them to be traditional philanthropy, but by this category we mean the social support and development of local communities and other initiatives to support local communities. Social infrastructure investments are understood as long-term strategic participation and partnership to solve large-scale social problems in the territory of presence. In future reporting periods, we will strive to increase the share of such projects. Social initiatives to promote the brand - events of social or educational nature.

Support and development of local communities program and Social grant competition

The main tool for the social and economic development of the regions of presence and involvement in the dialogue of local communities is the Social support and development program. It is prepared every year and takes into account the needs and priorities of stakeholders, as well as the Company's objectives for the reporting period. When formulating the program, we rely on the internal operating procedure "On charitable assistance and social activities", which helps us to structure our activities.

Program implementation process



We work closely with regional representatives, both with the local administration and with residents (whose opinions and expectations are also broadcasted by the Company's employees, who are an integral part of the local communities) for guarantee as much effective implementation of the projects as possible. We give preference to projects with the potential for the development of urban ecosystems, adhering to the principles of long-term cooperation.

Our projects are directly related to the UN Sustainable Development Goals and are part of the Sustainability plan.

The main directions of projects

Health	Purchase of medical and sports equipment, repair of sports facilities	**SDG 3**
Education	Repair and purchase of equipment for educational institutions, payment of scholarships to the best students and professors	**SDG 4**
Energy efficiency	Replacement of lighting equipment in social institutions to improve energy efficiency and compliance with international standards. Modernization of street lighting systems in the towns/cities of our presence	**SDG 7**
Development of cities and settlements	Implementation of infrastructure projects in the territories of the Company's presence	**SDG 11**

To implement our program, we conduct a comprehensive analysis of the effectiveness of projects according to the following criteria:

- project budget;
- deadlines;
- potential and actual benefits for stakeholders;
- potential and actual benefits for the Company;
- stakeholders involved;
- contribution to the UN SDGs;
- number of direct beneficiaries;
- expected results.

We annually sum up the results of our program, paying close attention to the transparency and reliability of the results. To this end we always conduct a documentary check of our partners, carefully collecting and analyzing all reporting documents.

In addition to sum up the financial results and results in the "completed or not completed" format, we also evaluate the effectiveness of completed initiatives. This helps us to understand whether the project has had the desired impact to the local communities that we hoped for. This approach helps us to adjust the program in a timely manner during the annual review, and to evaluate our contribution to the social and economic development of the regions of presence in accordance with our strategy.

We evaluate the effectiveness of completed initiatives. This helps us to understand whether the project has had the desired impact to the local communities that we hoped for

Social grant competition

In 2022, we introduced a new tool for selecting projects for the Community support and development program, by holding the Social grant competition for the first time. According to the rules of the Competition, social partners, residents of the regions where the Company operates, and employees of the power plants with an active life position have the opportunity to submit their projects and ideas to receive financial support from the Company.

During the first stage of the Competition, the Organizing committee received 28 applications. All the projects submitted for the competition were evaluated according to the degree of social significance and relevance, depending on the region of implementation. In the Social Partners category, 10 projects reached the finals. The finalists of the Competition prepared video presentations, based on which a commission composed of representatives of the top management and Heads of the power plants chose the winners – one in each territory of presence.

The winning projects that received funding will be implemented in 2023. You can follow their progress on the Company's social networks.

It is planned that this competition will become a regular event, and we will publish all relevant updates in a special section of the Company's official website

28
applications
received by the Organizing committee

10
projects
reached the finals in the Social Partners category

EL5-Energo PJSC official Telegram channel

The Company's official website

Contribution to the development of the regions of presence

As a major employer, we have a direct impact on the economic and social development of the regions where we operate and develop our projects.

The Company's production facilities are divided into two types: those directly owned by EL5-Energo PJSC, i. e. its power plants, and those owned by companies that are 100% subsidiaries of EL5-Energo PJSC.

For more details, see the **"About the Company"** section

Legend for main directions of the projects

- Health
- Education
- Energy efficiency
- Development of cities and settlements

1 As of December 31, 2022, 84% of design capacity was put into commercial operation – 170.4 MW.

2 For the results of cooperation in the regions of the Company's presence we take into account both the projects carried out within the Social support and development program and the initiatives implemented together with Communications.

Azov wind farm

90.1 MW installed capacity

9 employees

Regions of Company presence

Rostov region
Azov District – 98.3 ths persons

Socio-economic cooperation

- Azov district includes 99 villages within 18 rural settlements

Academic cooperation

Results of our cooperation in 2022

4 projects implemented

1 project

2 projects

1 project

0.51 ths of direct beneficiaries

Kola wind farm

201 MW[1] installed capacity

4 employees

Regions of Company presence

Murmansk region
Kola District – 40.2 ths persons

Socio-economic cooperation

- Kola district includes 34 villages within 6 urban and 5 rural settlements

Academic cooperation

- Murmansk State Technical University (Federal State Independent Educational Institution of Higher Education MSTU)

Results of our cooperation in 2022

7 projects implemented

2 projects

5 projects

1.11 ths of direct beneficiaries

Konakovskaya GRES

2,520 MW installed capacity

363 employees

Regions of Company presence

Tver region,
Konakovo – 36.0 ths persons

Socio-economic cooperation

- 26 pre-schools
- 31 general education institutions
- 7 institutions of additional education
- 2 medical institutions

Academic cooperation

- Konakovo Energy College (a branch of Moscow Energy Institute in Konakovo)

Results of our cooperation in 2022

21 projects implemented, 2 of which are cross-regional:

2 projects

1 project

11 projects

7 projects

>31.6 ths of direct beneficiaries

Nevinnomysskaya GRES

1,551.4 MW installed capacity

387 employees

Regions of Company presence

Stavropol territory
Nevinnomyssk – 115.0 ths persons

Socio-economic cooperation

- 34 pre-schools
- 16 general education institutions
- 1 social psychology and medicine center
- 7 institutions of additional education
- 16 medical institutions

Academic cooperation

- Nevinnomyssk Energy College

Results of our cooperation in 2022

17 projects implemented, 1 of which are cross-regional:

3 projects

3 projects

11 projects

45.6 ths of direct beneficiaries

Sredneuralskaya GRES

1,578.5 MW installed capacity

387 employees

Regions of Company presence

Sverdlovsk region
Sredneuralsk – 23.8 ths persons

Socio-economic cooperation

- 7 pre-schools
- 4 general education institutions
- 3 institutions of additional education
- 7 medical institutions (offices and subsidiaries of Verkhnyaya Pyshma Central Town Hospital named after P. D. Borodin)

Academic cooperation

- Yekaterinburg Energy College
- Ural Energy Institute of the Ural Federal University named after the first President of Russia B. N. Yeltsin

Results of our cooperation in 2022

17 projects implemented, 2 of which are cross-regional:

3 projects

2 projects

12 projects

>41.1 ths of direct beneficiaries

REGIONS WHERE OF EL5-ENERGO PJSC AND ITS SUBSIDIARIES HAVE PRODUCTION FACILITIES AND WIND POWER PLANTS UNDER CONSTRUCTION[2]

Selected projects 2022

Tver region

Purchasing of virtual educational complexes for Konakovo Energy College (a branch of Moscow Energy Institute)

In 2022, a virtual educational complex "Thermal Power Plants" was purchased for the Konakovo Energy College, designed to study the circuits and equipment systems of a thermal power plant as well as the principle of their operation. With the help of this complex, students got the opportunity to get acquainted with a three-dimensional model of a thermal power plant with three power units of different capacities, three-dimensional cross-sections of the equipment, as well as visualization of a power plant's systems.

Also, as a teaching aid, students received access to the virtual educational complex "Design and Characteristics of a CCGT ", in which three-dimensional models of this type of generating equipment are implemented. The educational complex allows to get acquainted with the main units and elements with the help of representative visualization of a three-dimensional model with the ability to display a three-dimensional cross-section, as well as to study the circuit diagrams of the equipment.

The software of both complexes implies not only an in-depth study of the principles of work with the help of reference materials, but also an assessment of the acquired knowledge.

Stavropol territory

Repair of a sports hall in the State Budgetary Professional Educational Institution "Nevinnomyssk Energy College"

We are proud of our many years of friendly relations with the Nevinnomyssk Energy College.

Our joint work covers not only academic cooperation aimed at the transfer of practical experience and the training of new generations of power engineers, but also the implementation of projects aimed at providing students with comfortable and safe conditions for studying. Previously, we have already implemented projects to improve the infrastructure of the technical school, which included the development of the material and technical base of the educational institution: equipment for computer science classrooms, the purchase of a 450 MW CCGT training simulator with dynamic computer mnemonic circuits, reconstruction and re-equipment of the assembly hall, construction of a physical training and a sports ground, equipment for an open training area, purchase of a virtual interactive 3D simulator.

In 2022, we took another step in this direction: the Company's funds were allocated for the renovation of the gym, namely for the complete replacement of the flooring. The Company is confident that comfortable conditions are one of the most important keys to the effectiveness and efficiency of professional education.

Sverdlovsk region

Purchase of the Interactive Equipment for Kindergarten No. 20 as part of support for the implementation of the Ural Engineering School regional project

The Ural Engineering School is a target project of the Sverdlovsk Region Government, aimed at increasing the motivation of students to study natural sciences and popularizing technical professions and engineering specialties.

This is achieved, among other things, by creating conditions and means for obtaining a quality education, and by stimulating interest in natural sciences, modeling, and design from an early age.

In 2022, the Company allocated funds to Kindergarten No. 20 to improve the material and technical base: the purchase of an interactive board, a table and three laptops for holding robotics competitions.

These devices will help the youngest minds not only get bright emotions, but also develop an interest in technical education and engineering disciplines.

Azov district

Playground equipment for Novomargaritovo village

In 2022, at the request of the district administration, we participated in the implementation of a joint project to build a playground for physical development and promotion of a healthy lifestyle among children of all ages. 591 people live in Novomargaritovo village, Azov district, of which 59 are children of different ages.

Kola district

New Year's lights for Tumanny village

In December 2022, we received a request from the administration of the municipality of the Tumanny village, Kola district, for help in purchasing New Year's lights to decorate the streets. We could not stand aside and gladly took part in creating a New Year's mood for young and adult residents of this small urban settlement.

Efficient governance

120
issues
were considered
by the Board of Directors

More information **p. 183**

0
cases
of violations
of anti-corruption legislation
and the Code of Ethics

More information **p. 201**

99.3%
share of Russian companies
among our suppliers

More information **p. 229**

Acting proactively, developing sustainable energy

Strengthening management practices, maintaining decision-making flexibility

Corporate governance structure

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

G Sound governance and fair corporate conduct

Activity	Result 2022	Target 2023	UN SDG
Compliance with the Profile (Target Model) of the Board of Directors	Profile of the Board of Directors was approved. Applied for nomination of candidates to the Board of Directors	Aim to comply with the Board of Directors' Target Model when nominating candidates to the Board of Directors	17
Induction Plan – structured induction program for newly elected directors	Activities for the familiarization and induction of newly elected members of the Board of Directors were carried out	Induction Plan – structured induction program for newly elected directors	17
Compliance with the Corporate Governance Code (CGC)	Full compliance with 89% of recom-mendations of the Corporate Governance Code	Full compliance with at least 85% of the recom-mendations of the Corporate Governance Code	17

MATERIAL TOPIC

Sound governance and fair corporate conduct

We are actively working on the development of our corporate governance system focused on the best national corporate governance practices. Our goal is to develop a transparent and efficient corporate governance system to enhance the Company's investment attractiveness. The principles of sustainable development, which are thoughtfully implemented in management processes at all levels of the organization, play an important role in this regard.

Management approach

Regulatory documents

Internal documents

- Charter of EL5-Energo PJSC
- Regulations on preparation and holding of General shareholders' meeting
- Rules of procedure for convention and holding of meetings of Board of Directors
- Profile of the Board of Directors
- Organizational regulation on Committees of the Board of Directors
- Regulation on the Executive Board
- Regulation on Corporate Secretary
- Regulation of Internal audit
- Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees

External documents

- Corporate Governance Code of the Bank of Russia

Charter of EL5-Energo PJSC

Profile of the Board of Directors

Regulation on the Executive Board

Organizational regulation on Committees of the Board of Directors

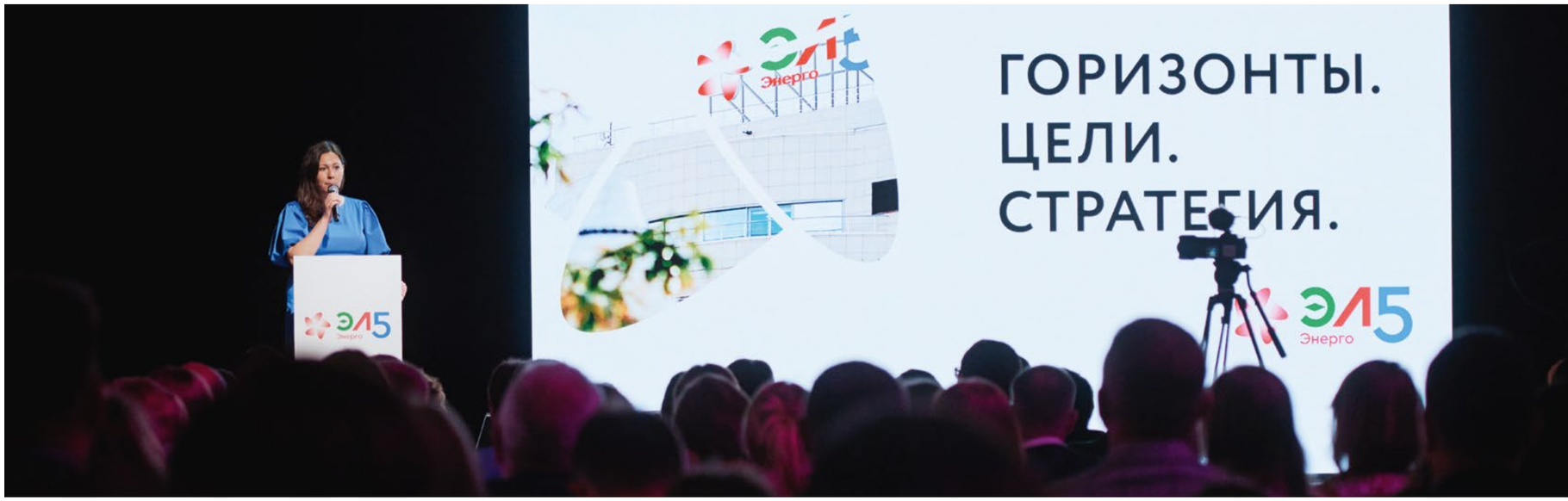
Regulation on Corporate Secretary

Regulation of Internal audit

Regulation on payment of remuneration and compensations to members of Board of Directors and Board of Directors' Committees

Regulations on preparation and holding of General shareholders' meeting

Rules of procedure for convention and holding of meetings of Board of Directors



GRI 3-3

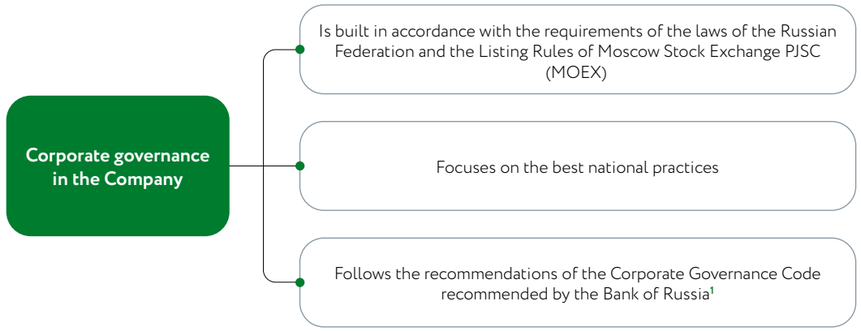
For more details on certain aspects of corporate governance in the Company, see the **Annual report**

National Corporate Governance Index: information disclosure 2022

A detailed report on compliance with the principles and recommendations of the Corporate Governance Code is available in the "Report on the Company's Compliance with the Principles and Recommendations of the Corporate Governance Code" section of the **Annual Report**

The Company enter the top companies included in the listof RUCGI, – leaders in corporate governance

The corporate governance system of EL5-Energo PJSC is the foundation for the Company to build trust in relations with external and internal stakeholders and to help with stengthening the Company's long-term stability and reliability.



Development of the governance system

Over the years, the Company achieved significant results in implementing the best standards of the Corporate Governance Code.

According to the results of the annual "National Corporate Governance Index" survey conducted by the TopCompetence Corporate Development Center with participation of the Moscow Exchange and the Center for System Transformations of the Faculty of Economics of Lomonosov Moscow State University, in 2022, the Company once again entered the top companies included in the listof RUCGI,[2] – leaders in corporate governance.[3]

Dynamics of implementation of recommendations of the Corporate Governance Code in 2018–2022,[4] %

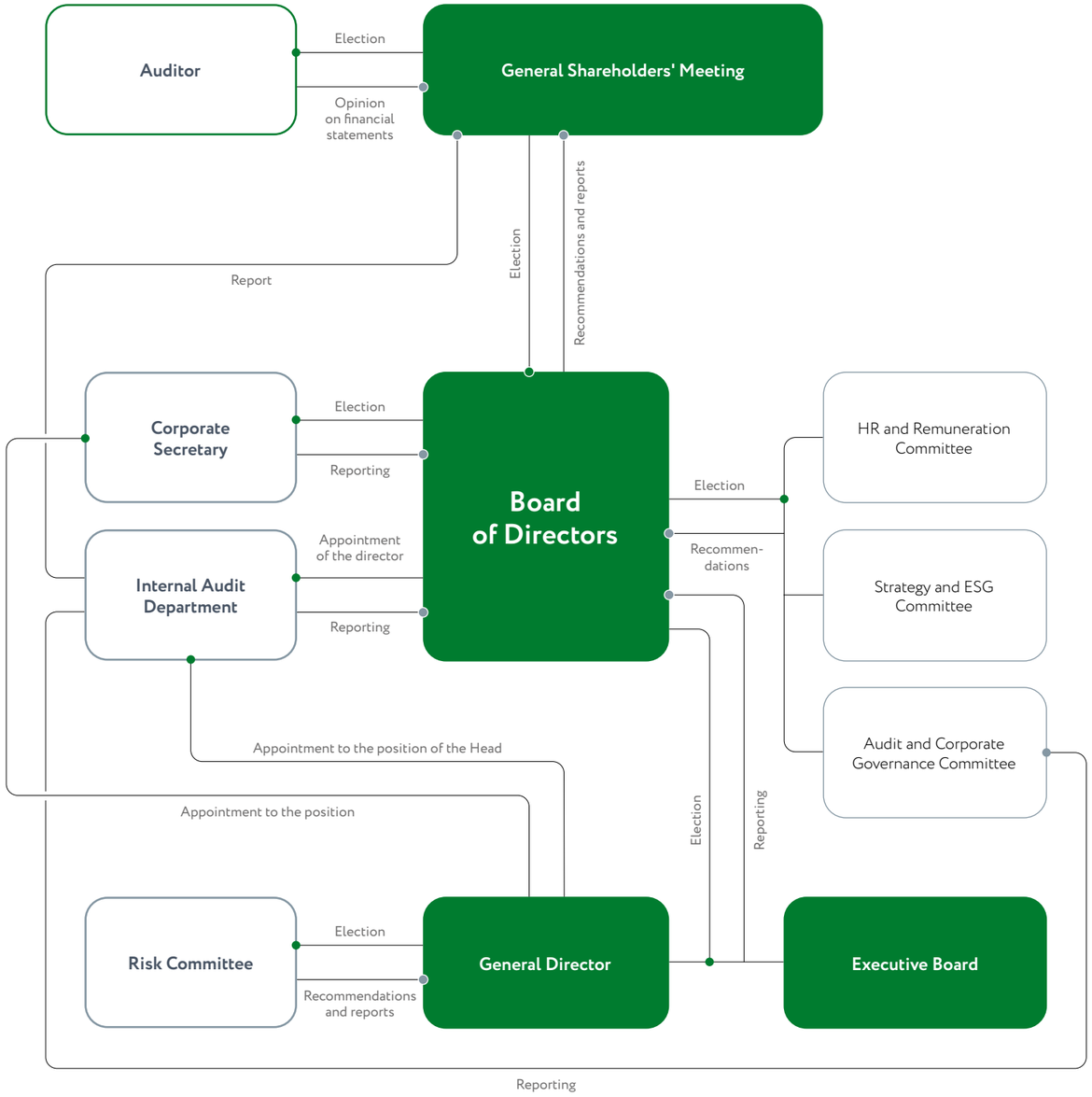
1 The Corporate Governance Code recommended for use by joint stock companies whose securities are admitted to organized trading by the Bank of Russia No. 06-52/2463 dated April 10, 2014.
2 Since 2019, the National Corporate Governance Index has been an official exchange indicator (RUCGI) that is updated quarterly by the Moscow Exchange.
3 The results of the study can be found **here**.
4 The assessment of compliance with the recommendations of the Corporate Governance Code in 2018–2020 was carried out in accordance with letter of the Central Bank of the Russian Federation No. ИН-06-52/8 "On disclosure in the annual report of the public joint stock Company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated February 17, 2016 and in 2021–2022 in accordance with Letter of the Bank of Russia No. ИН-06-28/102 "On disclosure in the annual report of the public joint stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code" dated December 27, 2021.

The Company's governance bodies

GRI 2-9

EL5-Energo PJSC is managed by the General Shareholders' Meeting, the Board of Directors, and the Executive Board.

Corporate governance and risk management system[5]



5 The diagram reflects the state as of December 31, 2022. The diagram does not show the Related Party Transaction Committee, abolished in December 2022, with more details available in the relevant part of the **Annual Report**.

The General Director of the Company reports on to the Board of Directors on the activities of Azov WPS LLC and Kola WPS LLC on a regular basis

The Company manages the controlled companies through the following mechanisms:

- presence of the Company representatives in the management bodies of the controlled companies. In addition, the Company's Board of Directors issues recommendations to the Company's representatives regarding participation and the procedure for voting on the items on the agenda of the general shareholders' (participants') meetings in the controlled companies;
- synchronization of the provisions of the charters, main internal documents of the Company and the controlled companies;
- coordination of the financial, investment, personnel activities of the controlled entities;
- communication between the Company and the controlled companies, including discussion of the information disclosure issues.

The General Director of the Company reports on to the Board of Directors on the activities of Azov WPS LLC and Kola WPS LLC on a regular basis.

General Shareholders' Meeting

General shareholders' meeting is the supreme governing body of EL5-Energo PJSC.

The procedure for preparation and holding the General shareholders' meeting and its competence are defined by the Federal Law "On Joint Stock Companies", by-laws of the Bank of Russia, by the Company Charter, as well as by the Regulation on Preparation and Holding of General Shareholders' Meeting.

In 2022, the Company convened the General shareholders' meeting thrice in the absentee voting form.

On June 7, 2022, the Annual General Shareholders' Meeting:

- adopted a decision on distribution of the Company profit by the results of 2021;
- elected the members of the Board of Directors of the Company and approved the Auditor;
- approved the Company's Annual Report for 2021 and annual accounting (financial) statements for 2021;
- gave consent for entering the Directors and Officers liability insurance contracts as related party transactions.

The Extraordinary General Shareholders' Meeting convened on September 13, 2022 was declared invalid due to the lack of a quorum.

On November 25, 2022, the reconvened Extraordinary General Shareholders' Meeting:

- decided on early termination of the powers executed by the members of the Board of Directors and elected a new composition of the Board of Directors;
- approved a new version of the Charter of the Company.

The new version of the Charter was registered on December 6, 2022, and it contains the following main changes:

- the Company's name in Russian has been replaced by:
  - Публичное акционерное общество «ЭЛ5-Энерго» – full name;
  - ПАО «ЭЛ5-Энерго» – abbreviated name;
- the Company's name in English has been replaced by:
  - Public Joint-Stock Company «EL5-Energo» – full name;
  - PJSC «EL5-Energo» – abbreviated name.

For more details on the process of preparing and holding the General Shareholders' Meeting in 2022, as well as the results, see the "Corporate governance" section of the **Annual Report**

- the address of the Company's website on the Internet, where the notice of the General shareholders' meeting shall be posted, as well as the text of the notice of the Company's shareholders on the related party transaction (if all members of the Company's Board of Directors are interested in making such a transaction), has been changed to www.el5-energo.ru.

The Board of Directors

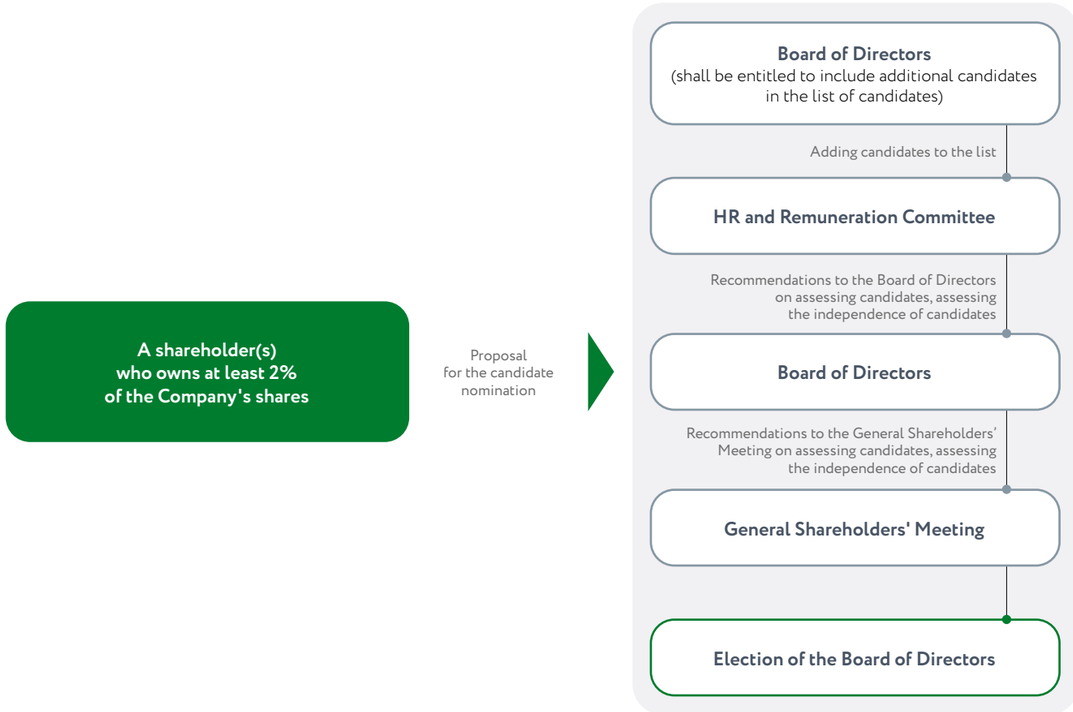
GRI 2-10

The Board of Directors of EL5-Energo PJSC carries out the general management of the Company.

The competence of the Board of Directors, the procedure for its activities, the rights and duties of its members are defined by the Federal Law "On Joint Stock Companies", the Company's Charter, the Rules of Procedure for Convention, and Holding of Meetings of the Board of Directors.

The members of the Board of Directors are elected annually by cumulative voting for a term until the next Annual General Shareholders' Meeting (or until an Extraordinary General Shareholders' Meeting to which the issue is the election of the Board of Directors has been submitted).

Process of electing the Board of Directors



GRI 2-9

For more details on the Company's Board of Directors elections, see the "Corporate governance" section of the **Annual report**

In 2022 the Profile of the Board of Directors was approved.

COMPLEX THINGS MADE EASIER

What is the Profile of the Board of Directors?

The profile describes how the composition of the Board of Directors is aligned with the Company's activities and strategy, and it contains recommendations to the Company's shareholders on the combination of knowledge, experience, skills, and personal competences of the candidates to the Board of Directors. The Profile also recommends that the composition of the Board of Directors should be balanced in terms of the professional expertise of its members, including with regard to ESG and sustainable development.

Induction and Training

The Company has an Induction on-boarding program for newly elected directors, which includes the following introductory events: meeting with the Company's management, introduction to the Company's internal documents, provision of access to the digital solutions, consultations with the Company's Corporate Secretary.

After election of the new composition of the Board of Directors, the Corporate Secretary pivides the information on the Company's strategy, corporate governance system, risk management and internal control system, allocation of responsibilities among the Company's executive bodies of the Company and other relevant information on its activities to the members of the Board of Directors elected for the first time.

In 2022, the induction program was implemented for all the members of the Board of Directors elected for the first time.

Members of the Board of Directors and Committees are entitled to receive additional training within the budget of the Board of Directors, enhance their understanding of the key issues of the Company's core business and other issues discussed at the meetings of the Board of Directors.

Composition of the Board of Directors

GRI 2-9

GRI 2-11

GRI 405-1

The quantitative composition of the Company's Board of Directors of is determined in the amount of 11 persons.

For more details on the membership in the Company's Board of Directors, see the "Corporate governance" section of the **Annual report**

In 2022, there were three compositions of the Board of Directors. This Report contains an analysis of the composition of the Board of Directors, including the sustainability criteria.

11
persons
composition of the Board of Directors in 2022

Board of Directors elected on June 08, 2021

Proportion of independent directors

Independent	3
Non-executive	8

The Board of Directors is chaired by an independent director

Directors tenure

Less than 1 year	4
From 1 year to 3 years	2
More than 3 years	5

Board of Directors elected on June 07, 2022[1]

Independent	8
Non-executive	3

The Board of Directors is chaired by an independent director

Less than 1 year	9
From 1 year to 3 years	1
More than 3 years	1

Board of Directors elected on November 25, 2022

Independent	4
Non-executive	6
Executive	1

Senior Independent Director elected

Less than 1 year	10
From 1 year to 3 years	1

1 The information on the composition of the Board of Directors elected on June 8, 2021 can be found in the Company's **Annual report 2021**.

Age composition

Board of Directors elected on June 08, 2021

30–45	6
46–55	3
56–65	1
66–70	1

Board of Directors elected on June 07, 2022[1]

30–45	6
46–55	4
56–65	1

Board of Directors elected on November 25, 2022

30–45	4
46–55	3
56–65	3
66–70	1

Gender composition

Men	8
Women	3

Men	8
Women	3

Men	7
Women	4

The information on the Board of Directors members (including biographical data) elected in 2021 and acting before the election of the Board of Directors on June 07, 2022, see in the **Annual report 2021**

The information on the Board of Directors members who acted in the period from June 07, 2022 to November 25, 2022, see in the **issuer's report** for six months of 2022[2]

GRI 2-17

Cumulative areas of expertise of the current Board of Directors as of the end of 2022: power industry, renewable energy, production industry, information technologies, economics, strategic planning, finance, law, risk management, operations, sustainable development, HR-management, corporate governance.

1 The information on the composition of the Board of Directors elected on June 8, 2021 can be found in the Company's **Annual report 2021**.
2 The issuer's report is disclosed in Russian only.

Conflicts of interests prevention

GRI 2-15

GRI 2-16

A member of the Board of Directors shall notify the Board of Directors if he/she has a conflict of interest with respect to any item on the agenda of the meeting of the Board of Directors prior to the discussion of the such item. And the member of the Board of Directors shall abstain from voting on the items with respect to which he/she has a conflict of interest.

In addition, a member of the Board of Directors shall inform the Board of Directors of his/her intention to join the management bodies of other entities, of the fact of such appointment and of the loss of the independent status, by sending a corresponding notification to the Chairman of the Board of Directors.

Members of the Board of Directors shall also inform the Company of their interest in conducting transactions in accordance with the legislation of the Russian Federation.

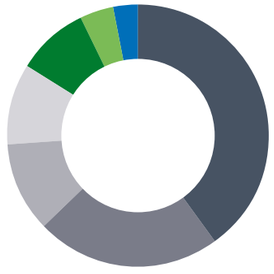
Report on the work of the Board of Directors

GRI 2-16

Meetings of the Board of Directors are held in accordance with the approved work plan of the Board of Directors and whenever necessary, but at least once a quarter. The work plan of the Board of Directors is prepared on the basis of the proposals from the Chairman and the members of the Board of Directors, the General Director, the members of the Executive Board and the Company's Auditor. The Rules of Procedure for Convention and Holding of Meetings of Board of Directors establish a list of the issues that are normally considered in person or in person and in absentia. A significant part of the issues submitted to by the Board of Directors for its consideration are preliminary reviewed by the Board of Directors Committees within the scope of their responsibilities.

In 2022, 21 meetings of the Board of Directors were held, at which more than 120 issues were considered.

Structure of issues considered by the Board of Directors in 2022, %



Corporate governance	40
Reporting	23
Transaction	11
KPIs and remunerations	10
Internal documents	9
Participation in other entities	4
Business planning, investment	3

The Board of Directors regularly reviewed the reports of the General Director on the activities of the Company and reports of the Chairman of the Board of Directors Committees. The Corporate Secretary monitored implementation by the Top Management of the instructions of the Board of Directors and its Committees.

21
meetings
of the Board of Directors were held in 2022

120
issues
were considered by the Board of Directors in 2022

For information on participation in the meetings of the Board of Directors and the Committees of the Board of Directors, see the **Annual report**

GRI 2-9

Board of Directors Committees

The Companys' Board of Directors Committees are the advisory bodies formed pursuant to resolutions of the Board of Directors and do not have the authority to act on behalf of the Company or the Board of Directors.

In 2022, the following changes were made to the Organizational Regulation on Committees of the Board of Directors:

- the Strategy Committee was renamed as the Strategy and ESG Committee, while its competence in sustainability was expanded;
- the Related Party Transactions Committee was abolished, and the functions of the Audit and Corporate Governance Committee were expanded to include assisting the Board of Directors in identifying and preventing conflicts of interest. Issues of significant corporate actions and related party transactions, if any, are now under the direct supervision of the Board of Directors.

Each committee consists of at least three members of the Board of Directors including the Chairman. The composition of the Committees, including the number of members, shall be determined by the Board of Directors.

For more details on the work of the Committees for 2022, see the "Corporate Governance" section of the **Annual report**

The Board of Directors

Audit and Corporate Governance Committee

- Control of financial and economic activities
- Improvement of the corporate governance system and practice
- Identification and prevention of conflicts of interest

The Committee consists of three members, two of whom are independent directors, and one of whom was determined by the Board of Directors to be independent.

The Chairman is an independent director.

HR and Remuneration Committee

- HR policy
- Succession planning
- Remuneration of the Board of Directors and Top Management
- Evaluation of the activities performed by the Board of Directors, its members and committees

The Committee consists of three members, two of whom are independent directors, and one of whom was determined by the Board of Directors to be independent.

The Chairman is an independent director.

Strategy and ESG Committee

- Strategy issues
- Sustainability and ESG issues

The Committee consists of five members, four of them are non-executive directors and one is an executive director.

The Chairman is a non-executive director.

GRI 2-18

Board of Directors performance review

Self-assessment of the quality of the work of the Board of Directors is conducted annually in accordance with the approved eponymous Methodology. Every three years we engage external organizations (consultants) to conduct an external independent assessment of the quality of the Board of Directors' performance.

Based on the results of self-assessment of the performance review for 2021, the Board of Directors approved an Action Plan to improve the performance efficiency of the Company's Board of Directors.

For more details, see the "Corporate governance" section of the **Annual report**

Corporate Secretary

Corporate Secretary is an officer of the Company. The Corporate Secretary of the Company is appointed and dismissed by the General Director of the Company upon the decision of the Board of Directors. The Corporate Secretary of the Company acts in accordance with the Regulation on Corporate Secretary of the Company.

The main objective of the activities of the Corporate Secretary is to ensure efficient interaction with the shareholders, to coordinate the Company's actions to protect the rights and interests of the shareholders, to support the effective performance of the Company's Board of Directors.

The Corporate Secretary acts as the Secretary of the Board of Directors of the Company, the General Shareholders' Meeting of the Company, the Committees of the Board of Directors, unless otherwise provided by the resolutions of the Board of Directors, and the Secretary of the Executive Board, unless otherwise provided by the resolutions of the Executive Board.

At the beginning of 2022, Zhanna Igorevna Sedova[1] acted as the Corporate Secretary of the Company.

On April 29, 2022, the Board of Directors elected Andrey Sergeyevich Zontov as the Corporate Secretary.

Since December 12, 2022, Andrey Sergeyevich Malinin has acted as the Corporate Secretary of the Company.

For more details about the Corporate Secretary, see the "Corporate governance" section of the **Annual report**

The main objective of the activities of the Corporate Secretary is to ensure efficient interaction with the shareholders, to coordinate the Company's actions to protect the rights and interests of the shareholders, to support the effective performance of the Company's Board of Directors

Company's Annual report 2021

1 More details about Zhanna Igorevna Sedova are provided in the **Annual report 2021**, as well as in the Executive Board section of the **Annual Report**.

GRI 2-11

General Director and the Executive Board

Current activities of the Company are managed by the sole executive body, the General Director, and the collegial executive body, the Executive Board.

The General Director and the Executive Board are elected by the Board of Directors, they are accountable to the General Shareholders' Meeting and the Board of Directors and act under the Company's Charter. The General Director acts as the Chairman of the Executive Board. The activities performed by the Executive Board are regulated by the Regulation on the Executive Board.

Compositions of the Executive Board in 2022[1]

From 01.01.2022 to 27.04.2022	From 27.04.2022 to 01.05.2022	From 01.05.2022 to 26.07.2022	From 26.07.2022 to 09.12.2022	After 09.12.2022
1. Stephane Maurice Zweguintzow (the Chairman) 2. Matvej Vladimirovich Atzeni Moskvitin 3. Mikhail Igorevich Vereshchagin 4. Oleg Nikolayevich Kosmenyuk 5. Yulia Konstantinovna Matyushova	1. Stephane Maurice Zweguintzow (the Chairman) 2. Matvej Vladimirovich Atzeni Moskvitin 3. Mikhail Igorevich Vereshchagin 4. Oleg Nikolayevich Kosmenyuk	1. Zhanna Igorevna Sedova (the Chairman) 2. Matvej Vladimirovich Atzeni Moskvitin 3. Mikhail Igorevich Vereshchagin 4. Oleg Nikolayevich Kosmenyuk 5. Nina Vasilyevna Leonova	1. Zhanna Igorevna Sedova (the Chairman) 2. Matvej Vladimirovich Atzeni Moskvitin 3. Mikhail Igorevich Vereshchagin 4. Oleg Nikolayevich Kosmenyuk 5. Nina Vasilyevna Leonova 6. Sergey Vladimirovich Rachkin	1. Alibek Aibekovich Tnalin (the Chairman) 2. Matvej Vladimirovich Atzeni Moskvitin 3. Mikhail Igorevich Vereshchagin 4. Oleg Nikolayevich Kosmenyuk 5. Nina Vasilyevna Leonova 6. Zhanna Igorevna Sedova 7. Sergey Vladimirovich Rachkin

100%
attendance at all the meetings of the Executive Board

In 2022 nine meetings of the Executive Board were held where 15 issues related to the current business activities of the Company were tackled. Attendance at all the meetings was 100%.

For more details on participation in the meetings of the Executive Board, see the **Annual report**

Executive Board composition

GRI 405-1

The Key Managers of the Company in 2022[2]

Tnalin Alibek Aibekovich
General Director

Kosmenyuk Oleg Nikolaevich
Deputy General Director – Head of Generation

Leonova Nina Vasilievna
Deputy General Director– Head of Administration, Finance and Control

Vereshchagin Mikhail Igorevich
Deputy General Director – Head of People and Organization

Atzeni Moskvitin Matvej Vladimirovich
Head of Energy and Commodity Management

Sedova Zhanna Igorevna
Deputy General Director – Head of Legal and Corporate Affairs

Rachkin Sergey Vladimirovich
Deputy General Director – Head of Security

General Director
Members of the Executive Board

Analysis of the Executive Board as of December 31, 2022

Executive Board members tenure

Less than 1 year	4
From 1 year to 7 years	2
More than 7 years	1

Composition by age

35–45	2
46–55	5

Composition by gender

Male	5
Female	2

For more details on the Company's Executive Board members, see the "Corporate Governance" section of the **Annual report**

Annual Report 2021

1 The information is provided as of March 2022. The information about Stephane Maurice Zweguintzow and Yulia Konstantinovna Matyushova, members of the Executive Board, can be found in the **Annual Report 2021**. The information about the members of the Executive Board and the General Director can also be found in the issuer's reports in Russian posted on the Company's website: **https://www.el5-energo.ru/en/**.

2 The data is provided as of December 31, 2022. In 2022, Stephane Maurice Zweguintzow and then Zhanna Igorevna Sedova acted as the General Director of the Company. At the beginning of 2022, Yulia Konstantinovna Matyushova acted as the Deputy General Director - Head of Administration, Finance and Control.

GRI 2-12
GRI 2-13
GRI 2-14

Role of the Company's management in the sustainability agenda

The Strategy and ESG Committee of the Board of Directors is responsible for, among other things, the preliminary review of the sustainability issues and the ESG strategy, including an approval of the Sustainability Plan and the key documents, as well as the Company's Sustainability Report to be subsequently submitted to the Board of Directors.

To integrate sustainability principles into the business activities, coordinate cross-functional interaction, and provide internal expert support, the Company established a Sustainability Unit. The Head of the Sustainability Unit is directly subordinated to the General Director and communicates with him on all critical issues that require the involvement and special attention of the top management.

Sustainability activities are organized in the Company in accordance with the Sustainability plan approved by the General Director, the Strategy and ESG Committee and the Board of Directors.

For more details, see the **"Sustainability management"** section

GRI 2-19
GRI 2-20
GRI 2-21

Remuneration

The General Shareholders' Meeting has the authority to decide on the payment of remuneration and / or compensation to the members of the Board of Directors. The Board of Directors prepares the proposals on the agenda of the Annual General Shareholders' Meeting, following a preliminary review of this issue by the HR and Remuneration Committee of the Board of Directors.

The procedure for the payment of remuneration to the Company's executives is set fourth in the Regulation on Payment of Remuneration and Compensations to the members of the Board of Directors and Board of Directors' Committees and the Policy on Remuneration of memebers of executive bodies and other key executives.

Remuneration to the Board of Directors

The Regulation on payment of remunerations and compensations to the members of the Board of Directors and Committees of the Board of Directors, following the recommendations of the Corporate Governance Code, considers a fixed annual remuneration as the main form of remuneration.

In addition, the members of the Board of Directors may sign an agreement for sales of shares with the Company under the Stock Options Plan.

The Regulation does not con the use of any fof of short-term or long-term incentives for the members of the Board of Directors, termination indemnities, other types of remuneration in non-monetary form.

The members of the Board of Directors receive reimbursement for the expenses incurred connected to the attendance at meetings of the Board of Directors / the Committees or with another performance of their duties as members of the Board of Directors / Committees.

For more details on the remuneration policy for the Board of Directors members in 2022, see the "Corporate governance" section of the **Annual report**

Amount of fixed part of remuneration to the members of the Board of Directors per year

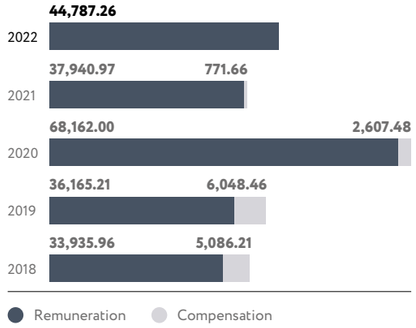
6,320
RUB ths
Chairman of the Board of Directors, Senior Independent Director

860
RUB ths
Chairman of the Committee (additionally)

4,460
RUB ths
Member of the Board of Directors

570
RUB ths
Member of the Committee (additionally)

Total amount of remuneration and compensation paid to the members of the Board of Directors, RUB ths



The change in the total amount of all types of the remuneration paid to the Board of Directors and Committees members in 2022 is due to the change in the number of the Board members receiving remuneration and the change in the composition of the Committees.

The directors' liability insurance agreements apply to the Board of Directors members.

For more details on the terms of such contracts concluded in 2022, see the "Information on the specific transactions executed by the Company and its controlled entities having significant importance to it in 2022" Annex of the **Annual report**

Remuneration to the of the Executive Board members and Key Executives

The Policy on Remuneration of memebers of executive bodies and other key executives (hereinafter referred to as the "key executives") complies the requirements of the Corporate Governance Code.

The remuneration system for the Company's key executives is desined to achieve an appropriate balance linking the amount of remuneration with the Company's performance and personal contribution each key executive's pesdonal contribution to that result.

Principles of the remuneration and reimbursement of expenses (compensation) system to the members of the executive bodies and other key executives

- **Transparency of the determining the amount of remuneration mechanisms, regulation of all types of payments, benefits, and privileges, and the transparency of the system of remuneration and reimbursement of expenses (compensation)**
- **Linkage in the remuneration system the remuneration of the Company's performance, and the personal contribution of the Company's key executives to achieving that result**
- **Sufficiency and proportionality of the remuneration paid with link to:**
  - the Company's targets;
  - the responsibility of the members of the executive bodies and key executives of the Company;
  - the level of the risks they undertake

There is no remuneration for performing duties by the Executive Board members and no reimbursement of their expenses, as members of the Executive Board are key managers of the Company.

The remuneration of the Company's key managers consists of a fixed part (salary) as well as a variable part, which includes annual and three-year performance bonuses, as well as other payments determined by the Board of Directors.

The ratio of the parts of remuneration in determination of the basic part of remuneration

- **50–65%** Fixed part of remuneration (salary)
- **20–35%** Long-term variable part of remuneration
- **15–20%** Bonus for the results of the Company's performance over a three-year period

For more details on the KPIs of the key executives subject to using these forms of motivation, see the Appendix to the **Annual Report**

When calculating the variable part of the remuneration, sustainability criteria are also taken in account, e. g. related for example to environmental issues, achievement of the the Integrated management system (IMS) targets and some others.

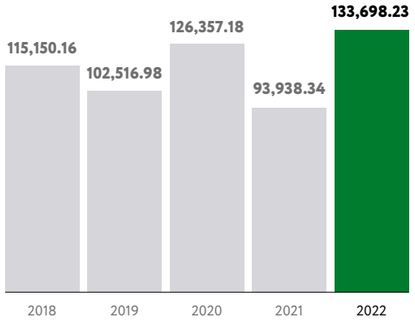
To improve the efficiency and quality of the performance of key executives, the Company provides them with additional benefits and social guarantees, theit list is approved the Board of Directors.

Besides the benefits and social guarantees provided to other employees of the Company, the following benefits and social guarantees are provided to the key executives:

- reimbursement of using a private car or taxi services;
- the Company can provide a loan to a key executive.

The approach to determination of the post-retirement benefits to the key executives does not differ from the approach to determination of the post-retirement benefits to other employees of the Company.

Total amount of all payments to the Executive Board members,
RUB ths



The reason of changes in the total amount of all types of remuneration paid to the Executive Board members in 2022 is due to the change in the composition in the Executive Board.

The amount of the compensations paid to the Executive Board members in 2022 amounted to RUB 7,243.31 ths.

The Directors' liability insurance agreements apply to the General Director, the Executive Board members, and the Board of Directors members.

For more details on the remuneration policy for the Executive Board members in 2022, see the "Corporate governance" section of the **Annual Report**

For more details on the terms of such agreements concluded in 2022, see the "Information on certain transactions executed by the Company and its controlled entities being significant to it in 2022" Annex of the **Annual report**

Risk management and sustainability risks

MATERIAL TOPIC

Sound governance and fair corporate conduct

Risk Governance and Internal Control are the fundamental elements of strategic and operational management, as well as significant components of corporate governance. Effective control contributes to the quality of decision-making and the achievement of the Company's strategic goals.

Regulatory documents

Internal documents
- Risk management and internal control policy
- Risk map

External documents
- ISO 31000:2018
- Corporate Governance Code of the Bank of Russia

Risk governance and internal control system description

GRI 3-3

Risk Governance and Internal Control System (hereinafter referred to as the RMICS) is aimed at identifying, assessing, managing, monitoring, and controlling the Company's main corporate risks based on the national and international practices.

A centralized risk management approach standardizes the processes and tools for identifying, assessing, responding to, monitoring, and reporting on the risks.

For the relevant risks, the Company has identified the Heads the appropriate business units responsible for risk management at the level of key business processes. As a result, the system is integrated into all the key business processes of the Company.

The RMICS is divided into three protection levels.

Risk Governance and Internal Control System

First protection level

Risk Management Risk Owners / Business Units
- Identification, assessment and management of risks
- Implementation of coverage strategy and risk mitigation measures
- Facilitate the introduction and implementation of the Risk overnanceandlinternal Control System

Second protection level

Risk Control Risk Control Group
- Monitoring, reporting and control of risks, including proposals for key risk indicators, limits, as well as support for the authorization process for exceeding limits
- Proposal of actions to respond to risks and eliminate consequences
- Ensuring that the System complies with the law

Risk Committee chaired by the General Director
- Periodic approval of limits on key risk indicators
- Oversight of the current risk level
- Defining risk response actions and monitoring their implementation

Third protection level

Internal audit
- Overseeing the effectiveness of the Risk Governance and Internal Control System
- Monitoring compliance with the policies and procedures of the Risk Governance and Internal Control System

Board of Directors of EL5-Energo PJSC
Audit and Corporate Governance Committee of EL5-Energo PJSC

○ Independent from business units and risk owners

For more details on the Risk Management and Internal Control System, see the "Risk management" section of the **Annual report**

In accordance with the Risk Governance and Internal Control Policy, the structure of the RMICS in the Company involves the following governing bodies and organizational units:

- Board of Directors;
- Audit and Corporate Governance Committee;
- Risk Committee;
- Managers of business units and risk management units;
- Risk Control units.

We are systematically building an integrated risk management model to consolidate the activities of the functional units and integrate the risk management system into the corporate culture. The target model of the corporate risk management system is built as a set of elements and organizational mechanisms of their interaction for the development, implementation, monitoring, analysis, and continuous improvement of the specified corporate approach.

In December 2022, the Board of Directors in accordance with the recommendation of the Audit and Corporate Governance Committee acknowledged the Company's risk management system as effective during 2022.

Sustainability risk management

As part of the RMICS we identify and evaluate, among other things, ESG risks (environmental, social, and corporate governance risks). Responsibilities for monitoring and managing each risk are assigned to the Company's divisions within their responsibility.

Risk categories	Risk groups[1]	Risk factors
STRATEGIC	Climate	Impact of extreme natural phenomena associated with the climate change Ignoring the environmental compliance regulations leading to an outflow of investors Impact of non-compliance with the climate change legislation
OPERATION	Human Resources	Talent retention HR development programs Recruiting
	Health and Safety	Impact of accidents on the sustainability of the Company Impact of coronavirus infection (COVID-19) on the sustainability of the Company
	Technical, industrial, and environmental	Impact of emergency shutdowns on the main activity of the Company – power generation Non-compliance with the environmental regulations and accidental pollution Resource use and waste management
	Project/ investment	Impact on the budget Investment project duration/terms Quality of the equipment and service Land ownership and land use
DIGITAL TECHNOLOGIES	Information security	Impact of failures in the information system on the daily activities of the Company Loss of personal and confidential data No access to the technical and banking systems, as well as to the general data system
COMPLIANCE	Social	Violations of human rights, rejection of Company's values Interaction with stakeholders (local communities) Operational impact on communities
MANAGEMENT AND CORPORATE CULTURE	Reputational	Loss of goodwill and incurring losses due to unfavorable perception of the Company's reputation through traditional media and social networks Interaction with local communities, including the formation of a negative attitude towards the Company due to insufficient information transparency, ignoring the impact of the Company's activities on the local context

In the reporting year the risks did not materialized.

The Company follows a conservative risk management policy. In its activities the Company applies an approach aimed at minimizing any risks arising from the conduct of its core business through insurance, compliance with applicable laws, diversity, and diversification of the activities, etc.

For more details on the emerged risks and opportunities, see the "Risk management section" of the **Annual report**

1 Key risk indicators identified for the risks included in the described groups. Control of these indicators allows timely identification of negative trends and taking actions to optimize the Company's risk level.

Code of Ethics

Anti-Corruption Policy

Guidance on The Anti-Corruption Management System

Internal Audit Regulation

Human Rights Policy

External documents

Anti-corruption and ethical business conduct

MATERIAL TOPIC

Sound governance and fair corporate conduct

We are confident that fair practices and ethical business conduct are the key components of long-term success and stakeholder trust. By actively developing in this direction, we maintain and strengthen the reputation of EL5-Energo PJSC as a reliable employer and business partner.

Ethical business and anti-corruption governance

Regulatory documents

Internal documents

- Code of Ethics
- Anti-Corruption Policy
- Guidance on The Anti-Corruption Management System
- Internal Audit Regulation
- Human Rights Policy

External documents

- National documents that can be found on the Company's website

GRI 2-23 GRI 3-3

The Code of Ethics and the related internal documents of the Company are formed based on the best international and Russian practices. These documents set the key ethical principles of EL5-Energo PJSC and expectations regarding ethical behavior of its employees and business partners, including:

- impartiality and non-discrimination;
- honesty;
- integrity in case of potential conflicts of interest;
- confidentiality;
- relations with shareholders and safeguarding shareholder value;
- value of people;
- integrity of the individual and equity;
- transparency, completeness, correctness and truthfulness of information;
- diligence and precision in operations and contract performance;
- quality of services and products;
- fair competition;
- responsibility towards the community;
- environment protection;
- personal data protection.

In 2022, the Board of Directors approved an updated version of the Code of Ethics, setting our Company's commitment to transparency, flexibility, responsiveness, and the use of the up-to-date management approaches. The general principles include the provisions related to personal data protection, the additional details to the Internal Control System and Risk Management, and the responsibilities of the Sustainability Unit in relation to the environmental safety, social responsibility, and corporate governance.

The Internal Audit Department is responsible for monitoring compliance with the requirements of the Code of Ethics.

For more details on other aspects of ensuring compliance with the principles of business ethics of the Company, see the **"Tax transparency"**, **"Respect for human rights"**, **"Stakeholder engagement"** sections

Anti-corruption management

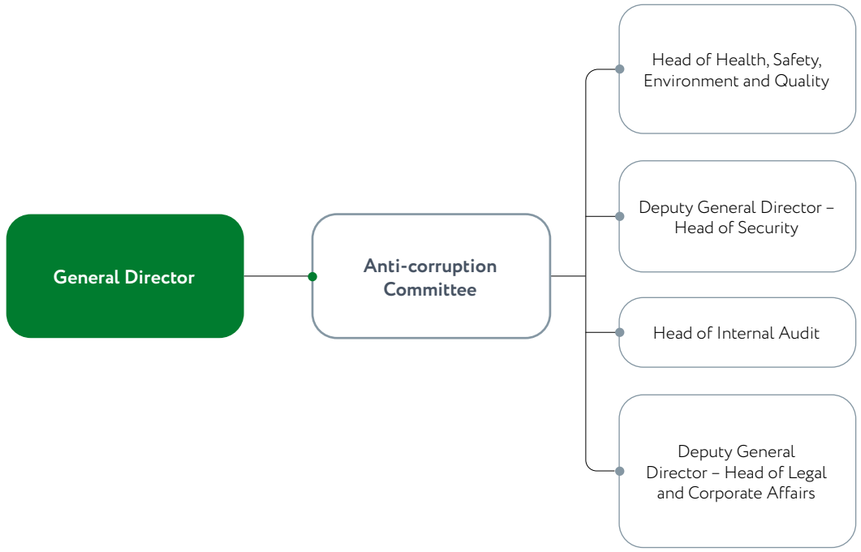
GRI 2-24

We understand that corruption is a significant obstacle to economic, political, and social development and a serious violation of the rules of fairness and transparency of markets, and we make every effort to prevent this phenomenon in our Company.

The management of anti-corruption issues and implementation of anti-corruption measures is carried out by a specially established Committee headed by the General Director. The Committee's activities are aimed at preventing and combating corruption, and minimizing or eliminating the consequences of corruption-related offenses.

The management of anti-corruption issues and implementation of anti-corruption measures is carried out by a specially established Committee headed by the General Director

Anti-corruption management organizational structure



In February 2021, our Company was certified with the International Standard ISO 37001:2016 Anti-corruption management systems. Requirements and recommendations for use. Despite the fact that the standard primarily prescribes the management of issues of zero-tolerance to bribery, as one of the embodiments of corrupt behavior, our Company gives a broader meaning to this concept – combating corruption in general. We are constantly developing and implementing activities aimed at maintaining compliance with the requirements of this standard, and plan to recertify in 2023 due to a change in the context and the Company's name.

For more details, see the **"Integrated management system"** section

The main goals related to combating corruption are enshrined in the Anti-Corruption Policy:

- absolute prohibition of corruptive behavior;
- strict observance of the current anti-corruption legislation;
- implementation, maintenance and improvement of Anti-corruption Management System in accordance with ISO 37001 requirements;
- encouragement of reporting on potential corruption cases, provision of employees and stakeholders with technical means to report dangerous behavior, protection of those who report potential corruption cases from any aggressive retaliation;
- tracking any corrupt behavior and application of penalties provided for by law and local legal acts of the corporate sanctions system;
- raising awareness of business partners, their employees and employees of subsidiaries on zero tolerance and prevention of corruptive behavior;
- anti-corruption training of employees and contractors.

Corruption risks assessment

GRI 205-1

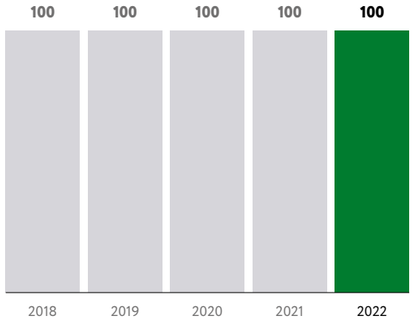
To identify and analyze the corruption risks of EL5-Energo PJSC and its subsidiaries, as well as to evaluate the effectiveness of the existing anti-corruption procedures, we conduct a corruption risk assessment process. The results of the assessment are reviewed at least once a year or more frequently in case of significant organizational, process or legislative changes. Based on the results obtained, the measures are determined to improve the existing internal controls. Regular internal audits and ongoing monitoring helps us to mitigate the risks of fraud, corruption, and bribery.

Training and awareness of employees

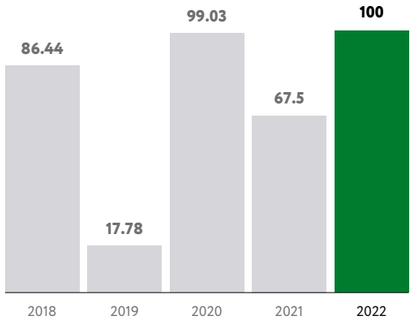
GRI 2-24

All our employees are required to be familiar with the provisions of the Code of Ethics and the Anti-corruption Policy when they are hired, and they also receive an induction training that emphasizes the basic requirements to conduct both inside and outside the Company. Throughout the year, we remind employees of these rules via e-mails containing key points from our codes and policies, as well as by holding informational meetings for the employees (mostly online) with the representatives of the units responsible for monitoring the implementation and compliance with the anti-corruption procedures. At such meetings the Company's employees can obtain information on how it is necessary to comply with the requirements of the anti-corruption procedures and which principles they are based, as well as ask any questions they may have.

Share of governing bodies members informed about the anti-corruption policies, %



Share of employees informed about the anti-corruption policies and procedures, %



GRI 205-2

100%

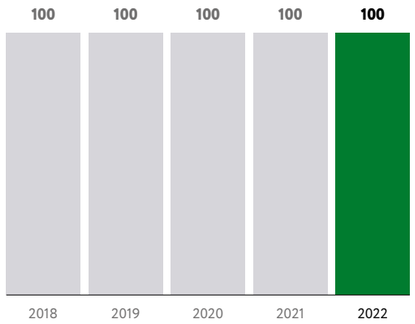
of the employees and members of the governing bodies were informed about the Company's anti-corruption policies and procedures in 2022

Official website

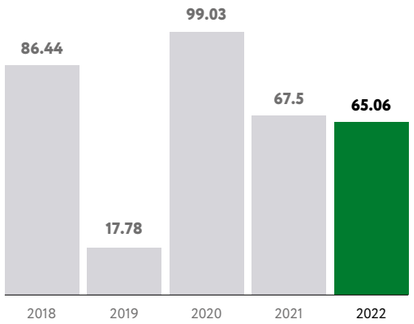
For our business partners, familiarization with the Code of Ethics and the Anti-Corruption Policy is performed through the mandatory inclusion of a special section on business ethics in the contract. For the availability of this information to all we have posted the Code of Ethics, the Anti-Corruption Policy and the Human Rights Policy on our official website.

The Company also conducts regular training and information sessions aimed at maintaining awareness of anti-corruption behavior, ethical issues, conflicts of interest, rules for giving and receiving gifts, etc.

Share of governing bodies members received anti-corruption trainings, %



Share of employees received anti-corruption trainings, %



GRI 2-25

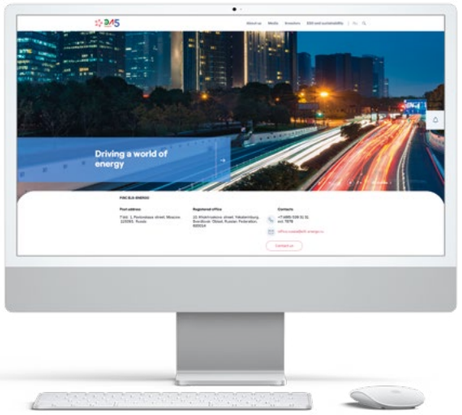
Hotline and reports received

Feedback helps us to monitor better the implementation of the Company's standards of conduct. EL5-Energo PJSC ha several communication channels that can be used to communicate potential or committed violations.

- **Feedback form:** the "Contact us" button on the main page of the corporate website

Contact us

- **E-mail:** **audit.coe@EL5-energo.ru**
- **Postal address:** 115093, Russian Federation, Moscow, Pavlovskaya str, 7, bld. 1, EL5-Energo PJSC, Internal Audit Department.

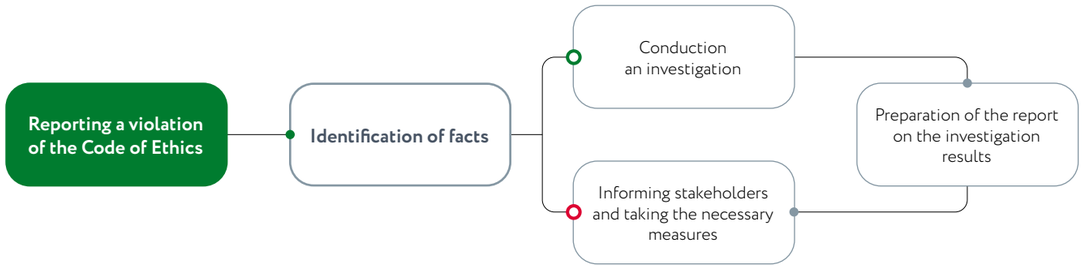


The Internal Audit Department is responsible for receiving, recording, and processing all incoming requests. We take all reasonable steps to make sure that the informers are not subjected to acts of retaliation or actions that may raise suspicion of discrimination or punishment. The author of the message is guaranteed anonymity if it does not contradict the law.

The results of the investigations, as well as the list of corrective actions required for implementation (if necessary) are reported to the Audit and Corporate Governance Committee of the Board of Directors. In its turn, the Committee assesses the need to report to the Board of Directors on the most significant cases.

Feedback form on the main page of the corporate **website**

Procedure for investigation of assumed violations of the Code of Ethics



- The fact of violation is confirmed
- The fact of violation is not confirmed

Over the past five years, 13 reports to the hotline were received, 3 of which in 2022. Investigations were conducted out on each report.

3
reports
to the hotline were received in 2022

Hotline statistics

	2018	2019	2020	2021	2022
Number of reports	6	0	2	2	3
Investigation results	Examined Relevant response measures taken		Examined No violations found Senders informed	Examined No violations found Senders informed	Examined 1 contractor violation was detected Senders informed

0
cases
of violations of the Company's corporate conduct standards, human rights, current anti-corruption legislation, as well as significant cases of non-compliance with the Code of Ethics

In compliance with the Code of Ethics and laws of the Russian Federation, we adhere only to fair competitive conduct. For the last five years, the Company has not been a party to any court case related to antitrust law violations.

GRI 205-3

GRI 206-1

Respect for human rights

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

Sound governance and fair corporate conduct

Activity	Result 2022	Target 2023	UN SDG
Relaunch of the human rights assessment procedure	Updating the methodology, development of internal documents in the field of human rights		8, 10, 17
Human rights training for employees %	**17.45**[1]	Development of a new training format	8, 10, 17

MATERIAL TOPIC

Sound governance and fair corporate conduct

Respect for human rights is an integral part of our values and we put them at the forefront of all our business processes. Our human rights principles are based on the best Russian and international practices, and we strive to respect and promote them not only within our Company, but also beyond its borders.

1 With a focus on gender and age equality.

Management approach

Regulatory documentsInternal documents

Internal documents
- Human Rights Policy

External documents
- Constitution of the Russian Federation
- Labor Code of the Russian Federation
- International Covenant on Civil and Political Rights Universal Declaration of Human Rights
- International Covenant on Economic, Social and Cultural Rights
- Basic declarations and conventions of the International Labor Organization (ILO)
- Declaration of Fundamental Principles and Rights at Work
- European Convention on Human Right

The Head of People and Organization, the Head of Internal Audit Department and the Head of Sustainability Unit are responsible for the human rights agenda in our Company.

In addition, the upper-level monitoring of human rights is carried out by two colleagues from the Legal and Corporate Affairs Departments, who are, among other things, human rights specialists and certified trainers who hold the certificates issued by the leading international intergovernmental organization in this field.

GRI 3-3

Human Rights Policy

GRI 2-23

Our human rights principles

Our corporate practices are based on the recognized international standards in human rights. In order to consolidate our commitments and ensure their compliance, our Company has the Human Rights Policy, which applies to all persons directly or indirectly related to the activities of the Company. The principles of respect for the human rights are integrated into all of the Company's business processes without exception.

Key areas of human rights in the Company's business processes

Regarding employment practices	**Respect for cultural diversity and non-discrimination**	We believe in the value of each individual and their unique qualities. In 2022, we adopted a Diversity and Inclusion Policy that reinforces our approach and commitment.	For more details, see the **"People we work with"** section
	Freedom of associations and collective bargaining	We respect the right of employees to form free associations, join unions and participate in collective bargaining. In 2022, the list of benefits provided under collective bargaining agreements was expanded.	For more details, see the **"People we work with"** section
	Compliance with occupational health and safety requirements	The Company implements a variety of measures to ensure safe working conditions for the Company's and contractors' employees. In 2022, there were zero accidents among employees and contractors.	For more details, see the **"Health and safety"** section
	Fair and supportive work environment	We strive to create a comfortable atmosphere for our employees to maximize their professional potential. We are constantly working to improve working conditions.	For more details, see the **"People we work with"** section
	Rejection of forced or bonded labor and child labor	In accordance with Russian and international law, our Human Rights Policy aims to prevent and eliminate child and forced labor in our operations and among our contractors.	For more details, see the Code of Ethics at the corporate **website**
Regarding the society	**Respect for the rights of local communities and the people living in them**	We pay special attention to the people living in the regions in which the Company operates and to the rights of those who may be affected by the implementation of investment projects and by the ongoing production activities of the Company.	For more details, see the **"Our work with local communities"** section
	Prohibition of corruption	No violations of anti-corruption laws were reported in 2022. The Company has established an effective risk management system in the area of bribery and corruption, which is not acceptable in any form.	For more details, see the **"Anti-corruption and ethical business conduct"** section
	Confidentiality and appropriate use of communications	The Company pays special attention to the security of its information. We believe that the introduction and development of innovative approaches is the key to the future of the energy industry, and we see innovation as one of the main accelerators of growth for the Company.	For more details, see the **"Innovation, digitalization and information security"** section

Training and dissemination of the human rights culture

GRI 2-24

GRI 412-2

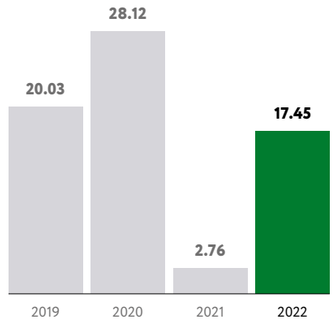
We constantly remind our employees about the importance of respecting human rights and encourage them to improve their legal culture and ethics.

Thus, the Company regularly conducts informational and educational events aimed at raising the awareness of both employees and members of the governing bodies about the practices and principles related to respect human rights. Previously, the Company held a special introductory course on human rights for new employees. Due to the changes in 2022, we have deviated from the previous model, which we plan to change in 2023. Instead, a series of webinars were held as part of the Diversity and Inclusion Program on the following topics: "Age as an asset – why does a progressive employer needs employees of different ages", "Gender stereotypes: modern communication ethics". 17.45% of our employees participated in these webinars.

In addition to the information provided during the training and information sessions, the Company's employees may also seek advice and clarification on human rights from their immediate supervisor and representatives of the relevant units.

We expect all business partners to respect human rights and include an assessment of the level of compliance with our requirements in this area in the preliminary assessment of counterparties at the stage of their qualification. Besides, all contracts with the counterparties include provisions on mandatory familiarization and compliance with the corporate requirements, including in terms of respect for human rights.

Share of employees from the total headcount trained on human rights, %



For more details on interaction with the business partners, see the **"Sustainable supply chain development"** section

Feedback mechanisms

We are committed to continually developing and strengthening our human rights practices by maintaining a continuous dialogue with all stakeholders and continually improving our mechanisms to counteract the violations.

GRI 2-25

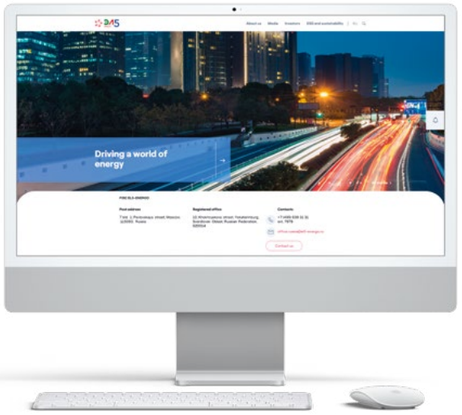
GRI 2-26

In the Company there are several communication channels (including anonymous ones), through which any stakeholder can report alleged human rights violations:.

- Feedback form: the "Contact us" button on the main page of the corporate website

Contact us

- E-mail: **audit.coe@EL5-energo.ru**
- **Postal address:** 115093, Russian Federation, Moscow, Pavlovskaya str, 7, bld. 1, EL5-Energo PJSC, Internal Audit Department.



Feedback form on the main page of the corporate **website**

All complaints related to the human rights violations are investigated by the Internal Audit Department. Based on the results of the investigation, disciplinary measures are taken if necessary. We welcome openness from our employees and guarantee them non-harassment and appropriate confidentiality to the person who reported, unless otherwise required by law.

For more details on receiving, recording, and processing messages received via the hotline, see the **"Anti-corruption and ethical business conduct"** section

GRI 2-25

Human rights risks and solutions applied by the Company with a breakdown by business processes

We perform regular human rights risk assessments. Based on the assessment results, an action plan is developed to prevent or mitigate the consequences of these risks.

Symbols of risk categories in human rights

- Internal risks
- External risks affecting the Company
- Risks that may come from within the Company, influencing beyond its perimeter

Business process	Category	Risks	Our actions
Human resources	●	Human rights violations against the Company employees and (or) by the Company employees	○ Current Human Rights Policy applicable to all the Company's employees without exception ○ Holding informational and educational events aimed at raising the awareness of both employees and members of the governing bodies about the practices and principles related to respect human rights
	●	Human rights violations by recruitment agencies	○ Assessment of human rights com-pliance at the qualification stage of service providers, including recruitment agencies
Procurement	●	Violation of human rights by suppliers of goods, works and services Violation of human rights by the employees of subcontractors	○ Introduction of mandatory verification of human rights practices by contractors at the qualification stage ○ Application of the key sustainability factors at the stage of conducting certain categories of tenders For more details, see the **"Sustainable supply chain development"** section
Health and safety	●	Non-compliance with occupational health and safety requirements by our employees	○ Commitment to the main principle in health and safety – "Zero accidents" ○ Strict compliance with health and safety requirements by the Company's management ○ Implementation of the #LiveSafely project, engaging all the Company's employees of without exception ○ Availability of a mechanism to terminate or suspend work in case of violation of health and safety requirements
	●	Non-compliance with the health and safety requirements by the employees of contractors and subcontractors	○ Assessment of health and safety at the stage of qualification of suppliers of works and services ○ Availability of a mechanism to stop (terminate) work in case of violation of health and safety requirements
Internal audit	●	Inability or fear of employees to anonymously report an incident in human rights violations	○ Availability of communication channels for reporting (including anonymous) on potential human rights violations ○ Investigation of all reports on potential human rights violations and bringing its results to the complainant ○ Planning to review of the approach to the human rights assessment
	●	Risk of a situation involving a possible violation of human rights, in which the solution of this problem may be delayed due to bureaucratic or other procedures	○ Planning of a review of the approach to the human rights assessment
Business development	●	Human rights risks in new areas of the Company's potential projects	○ Preliminary assessment of the human rights situation in the territory of the Company's potential projects. ○ If necessary, conduct an impact assessment of the of the project on the territory of its implementation, including in terms of respect for human rights in relation to the local communities
Interaction with the local community	●	Human rights violations related to the Company's activities in the regions of its presence (e. g. environmental impact) Forced relocation of local residents associated with the construction of the Company's facilities	○ Regular monitoring of economic, social, and environmental impact of the Company's activities on the local community. ○ Open dialogue with the local community representatives at all stages of business development

GRI 412-1

Internal assessment results and plans for further development in field of human rights

GRI 412-1

Human rights assessment is conducting every three years

Human rights assessment is conducting every three years and identifies potential human rights risks in various business processes. Based on the assessment results, an action plan is developed to mitigate risks and improve management approaches.

At the end of 2021, the Company launched a pilot project to assess the human rights situation at one of the Company's power plants, the results of which were summarized at the beginning of 2022. As a result of the surveys, the employees provided feedback, primarily on the work-life balance, as well as the comfort of the conditions at the power plants and of the personal protective equipment. The information was shared with the responsible units, which took it into account in the action plan for 2022 and 2023.

Due to the changes in the external context and the change of the controlling entity, we plan to review the approach to the assessment mechanism and to restart this process in an updated format. The analysis of the current methodology, the identification of areas for growth and the development of internal regulating documents for the management of the assessment processes, the monitoring, and mitigation of the risks of human rights violations are scheduled for 2023, the restart of the assessment processes is scheduled for 2024.

Innovation, digitalization and information security

GRI 3-3

Innovation and digital transformation

Activity	Result 2022	Target 2023	UN SDG
Dissemination of digital skills among employees number of new "digital sustainability" initiatives, at least	4	1	12
Transition to national application software % from all application software	N/A	5	17
Implementation of a financial document management system	N/A	Yes	17

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

MATERIAL TOPIC

Innovation and digital transformation

In our activities, we strive not only to solve daily problems, focusing on the optimization and improvement of the current business processes, but also to pay attention to the directions that will be relevant and essential for the Company in the near future. We are committed to searching and implementing best practices and innovative solutions allowing us to more effectively manage the Company's sustainable strategy.

Digital technologies

The Company adheres to the vector of applying cutting-edge information technologies

The introduction of digital/information technologies (hereinafter referred to as IT) is primarily aimed at improving the efficiency of the employees, maintaining accountability and continuity of processes. These technologies not only ensure the operation of the main functions, but also provide new tools for cross-functional interaction.

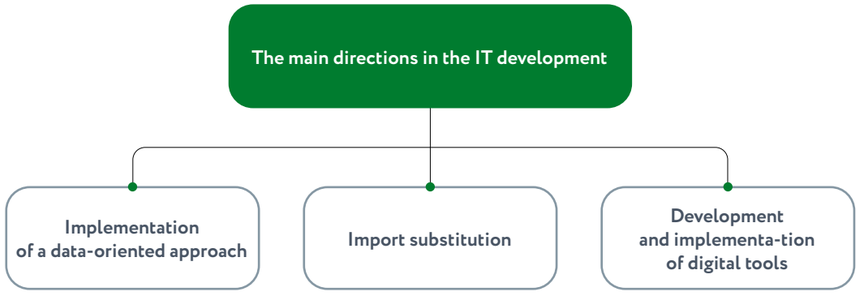
The Company adheres to the vector of applying cutting-edge information technologies, including:
- cloud technologies;
- data-oriented approach;
- artificial intelligence;
- Internet of things;
- focus on cybersecurity.

The limitations of geopolitical origin have caused the Company to face new challenges in the year 2022. The successful transfer to Russia of information systems previously located in foreign centers, the use of local solutions demonstrated the effectiveness of interaction both at the level of the functional units and at the level of employees. A flexible approach to implementation, active participation and support of users made

In 2022, a new priority was also formed which is a gradual replacement of foreign equipment and software

it possible to transfer to local systems within a period of no more than one month in each case, which allowed made it possible not to interrupt the Company's business processes and to ensure comfortable and safe work for the entire Company.

In 2022, a new priority was also formed which is a gradual replacement of foreign equipment and software.



Implementation of the Digital Transformation Program and introduction of digital technologies are within the responsibility of the Information Technologies Unit. According to the Company's strategy the objectives related to the information technologies shall focus on improving the business efficiency and the principles of sustainable development.

To ensure the effectiveness of the development of digital technologies, the Company sets short– and medium-term goals and splits them into main divisions. Projects that are already at the stage of planning and implementation with a confirmed effect fall into the short term. Ones that are consistent with the Company's medium-term strategy and will have an effect in a few years fall into the medium-term.

Short– and medium-term targets

Short-term perspective, up to 3 years

- Implementation of systems focused on data management algorithms and grid computing
- Introduction of import-independent platforms, development of the Company's internal solutions, transition to domestic services of joint work of the employees
- Optimization and development of interaction with the Federal Tax Service in the Tax monitoring mode
- Promoting the use of mobile applications to support the work of the employees in the industrial premises
- Implementation of the solutions allowing monitoring of parameters characterizing the state of the employees and the environment at the remote industrial facilities
- Proactive identification of potentially dangerous situations at the power plants using video analytics

Medium-term perspective, 3–5 years

- Implementation of the domestic platform solutions
- transition to the domestic operating systems
- Implementation of artificial intelligence systems, development of a user interface based on virtual and augmented reality technologies
- Development of analytic reporting based on big data (Data lake)
- Robotization and optimization of the business processes to support a risk-based approach in operations
- Modernization of loudspeaker communication and notification systems at power plants based on the domestic solutions

Selected projects

Kola WPP – Digital green generation

The main event in 2022 is the launch of the first stage of the Kola wind farm, which continue the Company's path to Digital Green Generation. For implementation of this project, digital solutions were scaled up based on the experience gained during of launching the Azov wind farm in 2021. Among other things, the modernized solutions ensure the process of commercial generation. In preparation for the launch of the power plant, extensive work was carried out to create and support the infrastructure for collecting and transmitting data from the wind farm, Data Center resources, and the development of application systems. The results of this work have made it possible to obtain an integrated digitalization and management system for both the wind farms operated by the Company.

Similar to the Azov wind farm, the Kola wind farm is controlled from a remote-control panel located in the HQ (Moscow office), and the main architecture of digital solutions is distributed between the power plant and an external Data Center. Such approach allows to significantly increase the reliability and the scale up ability of the system to other green generation facilities in the near future.

To support its operation in the electricity market, Kola WPP is fully integrated into the Digital Ecosystem. Full support for market operations, selection of the composition of the activated generation equipment, the day-ahead market, and the balancing market, as well as regular analytical reporting are fully implemented at the same level as the thermal power plants in the Generation Management and Market and Corporate Data Storage Systems.

The IT service monitoring system was expanded to the infrastructure facilities of the new power plant, and the notification mechanisms and incidents handling mechanisms and were also improved based on the of operation and management mode of this power plant.

Information exchange to ensure tax monitoring

In the reporting year, the Company successfully completed the first stage of implementing a system of information exchange with the Federal Tax Service to ensure the use of the Tax monitoring mode. The system operates in accordance with the legislation of the Russian Federation and it receives the necessary data and supporting documents from the Company's information systems (the Company's digital portfolio). The Tax Inspectorate has access to the published data and documents for analysis and disclosure of the tax reports. At the next stage it is planned to perform integration with the information system of the Tax Service according to the requirements.

In 2022, the Company performed a successful transition to the Russian information resources, in particular:

- SAP E4E and Financial Document Management System were transferred to the Russian data center;
- the foreign Industrial Safety System was replaced by a Russian cloud solution;
- all users and personal computers were migrated from the global domain to a separate Russian domain.

Increasing knowledge and skills in the field of information technologies

Continuing to develop the digital skills of all the Company's employees, we hold Digital Days as well as thematic and personal online consultations

We understand that digital progress depends not only on the technologies, but also on the employees' readiness to go digital. A combination of effective employee training and the advantages of new technologies enables us to operate efficiently in various modes of operation – at the power plant, remotely, or mixed.

Continuing to develop the digital skills of all the Company's employees, we hold Digital Days as well as thematic and personal online consultations. Thus, the employees from various units and the Company's management may not only gain new knowledge, but also share their experience and best practices with their colleagues.

The most popular topics in 2022 was cloud data storage, remote working, life hacks for using application software, visualization tools, and other useful digital skills.

Information security

Information security risk management is part of the Risk Management and Internal Control System

To protect the personal data of the Company's employees and customers, to take advantage of digital technologies, and as part of the efforts to achieve sustainable development goals, EL5-Energo PJSC pays great attention to the information security issues. Its provision is carried out by a team of specialists using various measures of the data protection, also with the involvement of specialized organizations. All technical and organizational measures and procedures performed are implemented according to the international standards and requirements.

Recognizing the importance and necessity of ensuring the security of information and industrial automated control systems, in 2022 the Company continued active work aimed at meeting the requirements of the legislation on the protection of critical information infrastructure and interacting with the state regulatory authorities. Following the requirements of the Federal Law No. 187-FZ dated July 26, 2017 "On the Security of the Critical Information Infrastructure of the Russian Federation" and the Company's Information Security regulation, much attention is paid to building internal processes to meet the requirements of the regulatory documents and the necessary technical measures. To this end, significant work is being carried out to implement technical measures to protect the critical information infrastructure facilities and introduce a security system for the critical information infrastructure facilities.

Information security risk management is part of the Risk Management and Internal Control System.

For more details, see the **"Risk management and sustainability risks"** section

Innovations

We consider development and implementation of innovative approaches as one of the most important tools for achieving our strategic goals, and we define innovation as a key driver of the Company's growth.

"Open Innovation" approach

Our "Open Innovation" approach focuses on collaboration and exchange with new ideas coming from our partners

In Russia, the Innovation Center of EL5-Energo has been operating since 2017, with the purpose of functional interaction with the professionals in advanced innovative ecosystems and accumulation of the gained knowledge for the development and transformation of the Company.

The Innovation Center helps us to establish cooperation with startups, small and medium-sized enterprises, universities, corporations, accelerators, venture funds, technology parks, scientists, the talented and creative youth, offering them our experience and expertise, project kick-off platforms, as well as the resources needed to develop and test the best solutions.

Our "Open Innovation" approach focuses on collaboration and exchange with new ideas coming from our partners. We support the most interesting initiatives, carefully selecting the best practices, and, through our interaction, we find new solutions, which we test then and, if successful, we integrate them into our work.

Selected projects

Green Tech

EL5-Energo PJSC annually participates in the Green Tech Startup Booster, an accelerator program to support the implementation of technologies in the field of ecology and sustainable development in Russia. Based on the results of voting by our colleagues who acted as program experts, as well as on the innovative requests from the Company's units, the most interesting and prospective, in our opinion, projects and solutions were selected with for further pilot testing at the power plants.

In 2022, the Innovation Center of EL5-Energo PJSC acted as a platform for the development of an innovative culture within the Company and beyond it. The Innovation Center hosted creative sessions and trainings for the Company's employees, entrepreneurial workshops, mentoring meetings for startups, students, and social entrepreneurs.

For the children of EL5-Energo PJSC employees who became finalists of the "We are Energy" program, an Innovation Day was organized at the Skolkovo Technopark. The children took part in a tour of Skolkovo, attended master classes on 3D modeling, robotics, and drew a cartoon. They also visited the EL5-Energo PJSC Innovation Center, learned innovations implemented in our Company, why companies need innovations, why it is easier to create for children innovations than for adults, why it is necessary to constantly change, what innovations children come up with and much more. The children also spent a day creating their own business (their own startup) – they learned how to come up with lots of ideas, choose the best ones, how to turn them into a business opportunity. They created their first business model, made a prototype, and prepared for a pitch session, where they presented their projects to potential investors.

Plans for 2023

This year, the Innovation Center plans to strengthen the experience gained and determines the following tasks:

- expand the portfolio of pilot projects, as well as the funnel of innovative solutions (in existing and new areas);
- expand the existing contacts and establish new ones in the innovation ecosystem (partnerships);
- interact with the universities (EL5-Energo PJSC provides innovation requests for research, case studies, Company experts give lectures on innovation);
- use more efficient methods for introducing innovation;
- continue to research innovative solutions in key areas for the Company and current market trends in such areas as energy efficiency, process improvement, ecology, sustainable development, digitalization, health and safety, and many others.

We are open to cooperation with all stakeholders in the innovation ecosystem of Russia and the world. We believe that only by changing ourselves we can make the generation industry innovative.

GRI 207-1

Tax transparency

Tax strategy

The General Director is responsible for approving and reviewing the Company's tax strategy

Our tax strategy is based on key corporate values: responsibility and reliability, as well as our commitment to transparency and compliance with the law. We use this strategy and approaches to calculate and pay not only taxes, fees, insurance premiums established by the Tax Code of the Russian Federation, but also other mandatory payments established by the laws of the Russian Federation (e.g. customs duties, payments for the use of water bodies, etc.). Throughout the text of the Report, all the above-mentioned mandatory payments are referred to as taxes.

Tax strategy objectives

- Correct calculation of the Company's tax liabilities in accordance with the requirements of the laws of the Russian Federation and timely payment of taxes
- Management of tax risks that are understood as the risks of violation of tax laws or abuse of the principles and objectives of the tax laws of the Russian Federation

The tax strategy is a set of principles and methodological guidelines developed by the Company that guides it in carrying out its operations and managing tax and other budgetary obligations.

It also prescribes the development and implementation of appropriate processes to ensure the effectiveness and practical application of these principles.

Responsibility	We follow the principles of social responsibility in the management of tax obligations, taking into account that taxes are one of the main sources of revenue to the budget system of the Russian Federation
Legal transparency	We are focused on strict compliance with tax laws and proceed from the fact that business transactions are subject to accounting based on their real economic substance, and not their legal form (priority of content over form)
Personal example of management	Members of the Board of Directors and the General Director of the Company are responsible for the introduction of a corporate culture based on the principles of honesty, integrity and legality, and applicable both to the Company's activities of as a whole and to the area of tax legal relations
Transparency	We follow the principles of cooperation and transparency when interacting with tax authorities, provide full information about the facts of economic activity and justification for the application of specific norms of tax laws
Value for shareholders	Taxes are an integral part of a Company's overall cost of doing business require appropriate management in accordance with the principles of legality in order to protect the share capital and fulfill the primary task of creating value for shareholders in both the medium and the long term

Approach to tax function management

The CFO and the Chief Accountant are responsible for the management of the tax function. The Tax Accounting and Reporting Group and the Tax Accounting Methodology are subordinate to them.

The main tasks of the Tax Accounting Group are:

- tax accounting;
- preparation and submission of tax reports;
- interaction with tax authorities during desk and on-site inspections;
- reconciliation of accrued and paid taxes.

The main objectives of the Tax Accounting Methodology are:

- identification of tax risks and development of measures to minimize them;
- analysis of the possibilities of optimizing the tax burden, taking into account existing benefits and preferences;
- preparation of legislative initiatives in taxation;
- development of internal policies, regulations and procedures.

Effective tax management is impossible without timely updating of knowledge about organizational and legislative changes, therefore, all tax specialists of the Tax Accounting Group receive regular training and retraining, also with the involvement of external consultants. We strive to provide our employees with the up-to-date knowledge and expertise to ensure the quality and efficiency of their work.

In addition to the tax strategy, the Company has developed detailed procedures regulating tax management, tax compliance, tax planning, tax monitoring, transfer pricing and risk management processes.

Tax risk management

The Company regularly monitors tax risks. In risk management, we adhere to the proactive management model and we are convinced that this approach allows us to ensure timely identification, correct assessment, and effective management of them.

The results of tax risks monitoring are periodically reviewed by the Company's management that allows us to determine the most effective approaches to reduce risks

Tasks of the tax risk monitoring system

- Identification of sources of tax risks to ensure tax compliance
- Organization and development of procedures, related processes, and actions to organize the identification and management of tax risks

Compliance with tax legislation

We make every effort to comply with the requirements of the tax system of the Russian Federation that is characterized by dynamic changes in laws, official clarifications and court decisions, which are often unclear and contradictory that allows for ambiguous interpretation of tax regulation by both the tax authorities and taxpayers. Control over the correctness of the calculation of taxes is carried out by the tax authorities within the tax monitoring or tax audits. The tax authorities have the right to conduct field tax inspections within three calendar years preceding the year when the tax authorities decide to conduct a field tax audit.

Despite the existing legal uncertainty on some tax issues, the Company strives to strictly comply with the tax laws of the Russian Federation (taking into account the objectives of legal regulation in the tax legislation). However, the interpretation of some provisions of the legislation of the Russian Federation by the tax authorities may differ and, if they are able to prove the legitimacy of their position, this may have an impact on these accounting (financial) statements. If there is any uncertainty on tax issues, the Company calculates tax liabilities based on the most reasonable position, in the Company's the opinion.

We do not use schemes and structures in our business activities, including in low-tax (offshore) jurisdictions, which contradict the objectives of the tax legislation of the Russian Federation and the sole purpose of which is to obtain unjustified tax benefits.

Feedback mechanism for reporting violations

We believe that compliance with tax legislation is one of the key principles of ethical and responsible business conduct. Therefore, employees are entitled to report of violations in tax laws, as well as about other violations of the Code of Ethics, through internal communication channels.

For more details on reporting mechanisms, see the **"Anti-corruption and ethical business conduct"** section

Code of Ethics

Intra-group transactions

GRI 207-3

The pricing of the Company's intra-group transactions is carried out in accordance with the requirements set out in the Tax Code of the Russian Federation to the extent regulating transfer pricing issues, as well as taking into account the provisions of the OECD Methodological Recommendations in Transfer Pricing.[1]

Due to the fact that the controlling shareholder of EL5-Energo PJSC with a participation interest of 56.43% as of December 31, 2022 is LUKOIL PJSC (TIN 7708004767) that is part of the international group of companies for transfer pricing purposes, EL5-Energo PJSC, in accordance with the provisions of the Tax Code of the Russian Federation, is also recognized as a member of an international group of companies.

In accordance with the Tax Code of the Russian Federation, EL5-Energo PJSC is obliged to submit the following documents to the tax authorities upon request:

- global documentation for an international group of companies;
- national documentation of a member of an international group of companies.

EL5-Energo PJSC is exempted from filing a statement of participation in an international group of companies in accordance with subparagraph 1 of paragraph 2 of Article 105.16-2 of the Tax Code of the Russian Federation, since the parent Company of LUKOIL international Group of companies is a Russian organization and submits a notice of participation in an international group of companies reflecting information about all members of this group recognized as taxpayers in accordance with the Tax Code of the Russian Federation.

The country report on LUKOIL Group that includes EL5-Energo PJSC is annually submitted to the tax authority by the parent Company of LUKOIL Group.[2]

The country report on LUKOIL Group that includes EL5-Energo PJSC is annually submitted to the tax authority by the parent Company of LUKOIL Group

Tax benefits

Tax benefits are an important mechanism for attracting investment in priority industries and stimulating economic growth. We regularly analyze the applicability of tax benefits provided for by federal and regional laws to investment projects of EL5-Energo PJSC and its subsidiaries.

For example, in April 2022, Azov WPS LLC entered into an investment agreement with the government of the Rostov Region on state support for the implementation of the investment project "Construction of Azov WPS with an installed capacity of 90.09 MW, including the construction of a 110 kV overhead line, in Azov District of the Rostov Region". According to the terms of this agreement, Azov WPS LLC is provided with state support in the form of corporate property tax benefits for a period of five years starting from 2022.

Tax benefits are an important mechanism for attracting investment in priority industries and stimulating economic growth

1 OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017
https://www.oecd.org/tax/transfer-pricing/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-20769717.htm.

2 Order of the Federal Tax Service of Russia No. ЕД-7-17/789@ "On approval of the list of foreign states (territories) with whose competent authorities automatic exchange of country reports is carried out" dated November 3, 2020.

GRI 207-2

Stakeholders management

We have an active dialogue with our stakeholders on issues related to Company's tax activities.

Tax authorities	○ Provision of documentation and information within the counter tax audits; ○ Regular joint discussions of practical issues on tax administration and business development strategy of our Company; ○ Provision of documentation and information under the tax monitoring regime[1] starting from 2022 (according to the decision of IIFTS[2] No. 1) that corresponds to the principle of cooperation and transparency of the Company when interacting with the tax authorities.
Industry and professional associations	○ Active participation in tax committees of various industry and professional associations. This provides an opportunity to make our suggestions on improving tax laws, establish working contacts with representatives of the tax functions of other companies and exchange professional experience.
Other stakeholders (public authorities, shareholders, auditors, Company management, etc.)	○ Regular presentations by employees of the tax function at meetings of the Audit and Corporate Governance Committee of EL5-Energo PJSC with a report on the status of tax audits, identified tax risks, tax disputes, as well as changes in tax laws that may affect the financial results of the Company's activities; ○ Disclosure of information about the Company's tax liabilities in the annual accounting statements.

GRI 207-4

Information about taxes paid

More detailed information on the total tax burden and other economic indicators of the companies of EL5-Energo PJSC Group for 2022 is contained in the ESG databook on the Company's **website**

For the purposes of this Report, the total tax burden of a Company includes the total amount of tax payments to the budget of the Russian Federation that are directly the Company's expenses (hereinafter referred to as taxes paid) or are transferred by the Company as a VAT payer or tax agent for personal income tax and certain other taxes (hereinafter referred to as collected taxes).

The total tax burden for the companies of the EL5-Energo PJSC Group in 2022 amounted to RUB 4,753 mln, which is 17 % more in the previous year. In 2022, 38 % of the total tax burden comes from the amount of taxes paid and 62 % from the amount of taxes collected.

1 Tax monitoring – a form of tax control that assumes remote access of the tax authority to the Company's information systems and its accounting and tax reporting that allows for significantly reducing the scope of requested documents and focus the resources of the tax authority and the Company on checking those transactions that contain elements of risk. Tax monitoring provides preventive identification of tax risks and rapid settlement of uncertain tax positions.
2 IIFTS No. 1 – Interdistrict Inspectorate of the Federal Tax Service for the Largest Taxpayers No. 1.

Sustainable supply chain development

Sustainable supply chain

Activity	Result 2022	Target 2023	UN SDG
Small and medium-sized enterprises, including subcontracted SMEs costs as a percentage of total procurement budget %, at least	N/A	25	8, 12
Percentage of direct contracts with small and medium-sized enterprises %, at least	N/A	20	8, 12
Application of the Sustainability Criteria in supplier qualification %	**100**	100	8, 12

For full version of the Sustainability plan, see the **website**

For the legend and basic notations used in the Plan, see the **"Sustainability aspects governance"** subsection

MATERIAL TOPIC

Sound governance and fair corporate conduct

Application of the sustainability requirements and principles to the supply chain is a sign of a truly reliable company, so reliability and responsibility of suppliers is one of the most important components of EL5-Energo PJSC's sustainability. Our work based on careful selection of suppliers, openness, and transparency of the procurement procedures. Before starting any interaction, we conduct a mandatory qualification procedure for all our counterparties without exception, and based on the results of the interaction, we make an assessment allowing us to further improve the procurement process.

Management approach

GRI 3-3
GRI 308-1
GRI 308-2

Regulatory documents

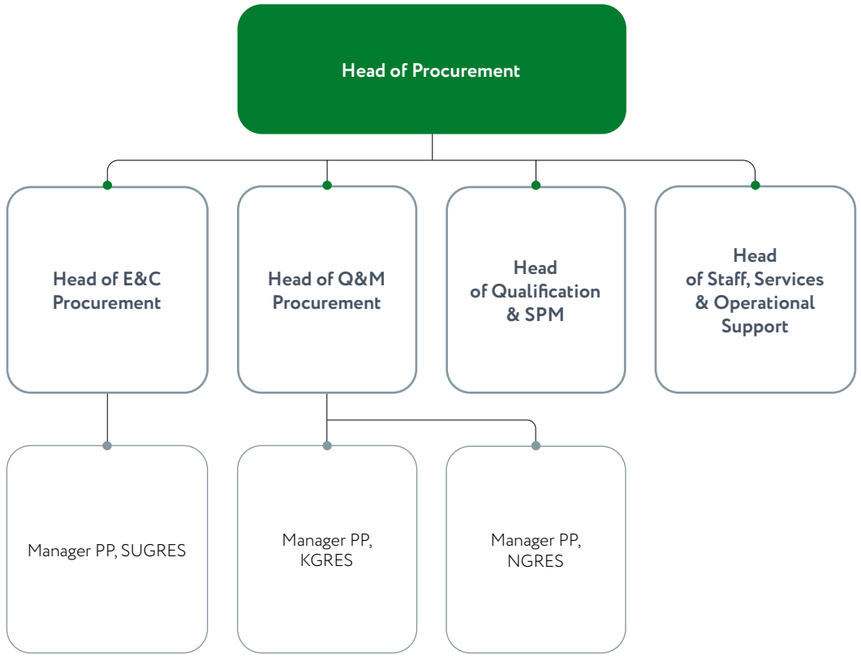
Internal documents
- Procurement Policy
- Subcontracting Policy
- Regulation "Suppliers Performance Management"
- Regulation "Supplier Qualification"
- "Procurement and Management of Consultation Services" Regulation and "Procurement and Management of Consultation and Professional Services in Government Relations, Business Development, Mergers, and Acquisitions" Regulation
- "Direct Assignments" Regulation

External documents
- Civil Code of the Russian Federation
- Federal Law No. 135-FZ "On Protection of Competition" dated July 27,.2006

The Company cooperates with the suppliers in strict compliance with the current legislation of the Russian Federation, while maintaining high standards of sustainability. EL5-Energo PJSC's approach in this area is enshrined in a set of regulation documents that ensure the consistency of the applicable procedures.

This area of work is within the responsibility of the Procurement. Procurement processes also involve Generation Units (procurement planning, technical expertise), the Security Service and Legal Units (expertise of the counterparties), the Health, Safety, Environment and Quality Unit as well as the Sustainability Unit (qualification of the suppliers).

EL5-Energo PJSC cooperates with the suppliers in strict compliance with the current legislati on of the Russian Federation, while maintaining high standards of sustainability



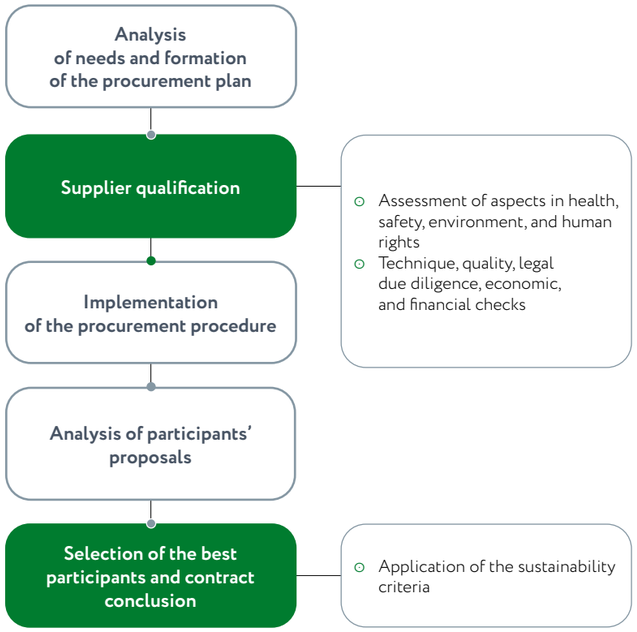
We constantly improve the professional skills and expertise of our Procurement employees by participating in internal and external trainings and trainings and by implementing new technological solutions.

The procurement process

The Company operates a comprehensive supply chain management system to ensure control and transparency in the procurement process.

It is important for us to minimize and, where possible, prevent potential risks in procurement activities and to build long-term reliable relationships with our business partners. To this end, we continuously improve the mechanisms that ensure proper interaction with the counterparties, including the regulation of procurement procedures.

Goods, materials, and services procurement process

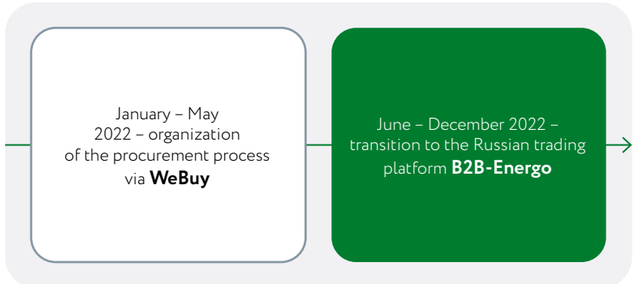


Stages at which sustainable chain tools are applied

Transition to the B2B-Energo trading platform

Since June 2022, we have completely transferred our procurement activities to the Russian trading platform B2B-Energo, which allows us to manage the entire procurement chain, from supplier qualification to the collection of the reports on the results of the interaction.

The B2B-Energo offers a system of cloud services for procurement management, which allows to organize a standardized procurement process that is simple and convenient for both our Company and the suppliers. This platform has tools for effective tender management, which makes the procurement process more accessible and transparent, as all the actions of the participants and the key stages of the procurement are automatically saved in the system.



The transition to the B2B-Energo has allowed EL5-Energo PJSC to expand the range of potential bidders of – 600 ths companies use the platform, and when a tender is published, users of the system whose profile matches to the subject of the tender automatically receive an invitation to participate.

Despite the complete transition from the WeBuy platform to the B2B-Energo, the qualification of the supplier for the material group corresponding to the procurement subject remained a prerequisite both for participation in the tender and for the subsequent conclusion of the contract.

COMPLEX THINGS MADE EASIER

What are "merchandise groups"?

Merchandise groups are identifiers for functionally related materials, work and services that are relevant to the Company. A consistent approach to classification of materials, work, and services allows us to structure the supplier qualification process and set consistent requirements for all suppliers, depending on the direction of cooperation. The open, clear criteria for supplier's assessment provide transparent selection.

COMPLEX THINGS MADE EASIER

What is a "merchandise group qualification"?

Merchandise group qualification is a process, in which expert examinations are carried out in the areas required by the Company, as a result the counterparty is assigned the status of a qualified or unqualified supplier, depending on its compliance with the Company's base requirements.

Sustainability criteria application

The library of key sustainability factors that we apply to our potential suppliers during the tendering process was previously part of the WeBuy platform, so when we started using the B2B-Energo, this process was adapted to the new system.

Contracts with all suppliers include provisions on compliance the health and safety requirements, an anti-corruption clause, references to the Company's policies that EL5-Energo PJSC expects from its business partners to comply with.

For more details on working with the business partners in terms of health and safety, see the **"Health and Safety"** section

COMPLEX THINGS MADE EASIER

What is the Sustainability key factors library?

By developing our own sustainable development management system, we strive for sharing our experience with the business partners. For this reason, we collect the sustainability initiatives applied to our suppliers into a special library being subject to regular review and addition.

The Procurement Directorate employee is responsible for selection the practices to be applied in a particular tender. In addition to this process, the Sustainable Unit and the Health, Safety, Environment and Quality Unit employees in involved in evaluating the sustainable practices implemented by suppliers.

In addition to the mandatory sustainable development baseline requirements that are assessed during the qualification stage, a potential supplier must declare its voluntary (non-statutory) sustainable development practices when submitting a tender. The use of these practices may give a company an additional advantage in the evaluation of a tender. For example, a company that scores higher on additional sustainable development requirements than other participants may be able to further reduce its commercial offer to the level of the most competitive offer as a result of the final retender process.

Supplier qualification

GRI 308-1
GRI 407-1
GRI 408-1
GRI 409-1
GRI 412-3

The qualification process is a mandatory step in our interaction with potential suppliers.

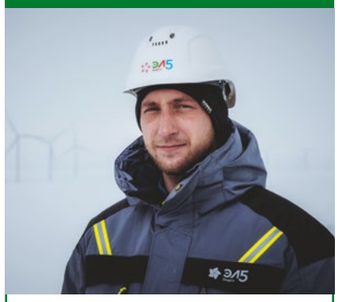
The main purpose of qualification is to form a pool of reliable business partners, which in turn has a positive effect on the procurement processes in terms of procurement timing, as well as on the quality of the services and work provided.

We carefully assess the risks associated with the activities of our suppliers, not only in terms of their interaction with EL5-Energo PJSC, but also in terms of the record of their activities in the market. Due diligence includes an assessment of business reputation, financial and economic condition, and technical compliance, taking into account, among other things, sustainable development factors.

The main purpose of qualification is to form a pool of reliable business partners

Key sustainability requirements to supplier qualification

Human rights



- No cases of human rights violations and discrimination;
- Recognition of diversity and freedom of association;
- Creating jobs for people with disabilities;
- Ensuring the protection of personal data of employees;
- Protecting employees from harassment in any form;
- Prohibition of child labor;
- Prohibition of forced labor;
- Providing employees with leaves, sick days, days off under the Labor Code;
- Compliance with acceptable working hours;
- Working with local communities, etc.

Health and safety

- The minimum number or absence of accidents over the past three years involving the employees of the potential supplier;
- Availability of training and testing of knowledge on health and safety;
- Availability of a structured system of qualification/ selection of its own contractors/ subcontractors;
- Conducting security checks/ health and safety inspections at existing construction sites, in order to check contractors/ subcontractors;
- Availability of the Stop Work Policy;
- Availability of the qualified personnel to provide first aid at the workplace, etc.

Environment

- No complaints against the Company on environmental issues;
- Waste management (including prevention of the waste formation) in accordance with the legal requirements;
- Risk management of environmental incidents and their consequences;
- Compliance with the recycling regulations and payment of environmental fees, etc.

Through qualification we assign a risk level to suppliers' activities based on the degree of their environment and society impact. Qualified supplier status is granted for five years

Extended supplier assessment

The Company has implemented a list of risk merchandise groups for which an extended assessment should be conducted. Previously, merchandise groups were divided into low, medium, and high according to the level of the risk related to health and safety, technology, environment, and reputation.

Since June 2022, a restructured process has been used: merchandise groups are now divided into types of suppliers (depending on whether they provide goods, works or services), each with its own requirements.

Such merchandise groups include, for example:

- construction works, demolition of industrial buildings and structures;
- waste management services for V hazard class;
- waste management services for III–IV hazard classes, radioactive waste;
- services of cleaning tanks from oil products;
- services of repair and processing of medium and low voltage line transformers with oil insulation or PCBs (polychlorinated biphenyls).

Application of the extended assessment is set by the Company's internal Regulation "Interaction with Suppliers and Contractors in the Field of Health, Safety, Environment and Quality".

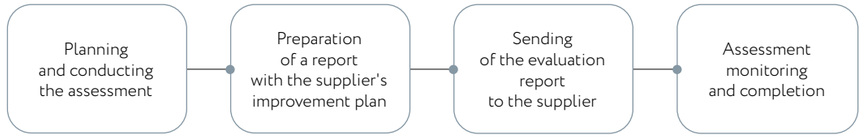
As part of the extended assessment, we pay special attention to the environmental aspects of our business partners. At the same time, we also help suppliers to identify areas for development in their environmental management system and develop a set of actions to improve their practices.

GRI 308-1

GRI 308-2

Companies identified as needed improvement based on the results of the environmental assessment were provided with the consulting assistance to improve their management processes to the level of our expectations

Supplier environmental assessment process



Supplier qualification results

In 2022, 316 supplier qualifications were conducted, 310 of which passed the standard assessment and 6 extended assessments for suppliers related to risk merchandise groups.

During the reporting year, 364 contracts with 165 suppliers were concluded, each qualified in 2022 or earlier. 10 contracts out of 364 were conducted an extended assessment for risk merchandise groups.

316
supplier qualifications
were conducted in 2022

364
contracts
with 165 suppliers were concluded, each qualified in 2022

Risk level of suppliers' activities, %

Standard assessment	98.1
Extended asessment	1.9

Merchandise groups contracted by risk level, %

Standard assessment	97.25
Extended asessment	2.75

Supplier disqualification

In case of violation of the qualification requirements or the terms of the contract, the Supplier Qualification and Assessment Group in cooperation with the Procurement and (or) the responsible unit (the customer), shall issue a report. The Qualification Commission conducts an expert assessment and determines the measures to be taken in relation to the supplier's qualification status. In the case of dishonest suppliers, measures such as, for example, suspension of qualification, revocation of qualification, etc. may be applied.

Procurement structure

Procurement by categories

The most priority categories of supplies are rolled metal products, pipeline parts, valves and heating surfaces

The procurement structure of EL5-Energo PJSC is dominated by supplies for production needs. The most priority categories of supplies are rolled metal products, pipeline parts, valves and heating surfaces. These materials and details ensure the uninterrupted operation of our power plants, and they account about half of the budget.

Procurement by categories, %

Goods	55.42
Works	24.43
Services	20.15

GRI 204-1

Support of local suppliers

Our activities have a direct impact on the economic well-being of the regions of the Company presence. In particular, we actively cooperate with small and medium-sized enterprises (SMEs), helping them to develop and improve the well-being of the territories where we operate. Thus, in 2022, the share of SMEs in the total amount of purchases reached 40.45% (in 2021 – 32.22%).

Share of small and medium-sized enterprises, %

SMEs	40.45
Other suppliers	59.55

We strive to support local suppliers in the regions of presence of the key production assets:

- Tver region;
- Stavropol territory;
- Sverdlovsk region;
- Rostov region;
- Murmansk region;
- Moscow and Moscow region.

The share of Russian companies[1] among our suppliers is 99.3% of all purchases (97% in 2021). At the same time, the percentage of purchases from local suppliers in the total volume of purchases of the Company amounted to 16%.

Local suppliers costs as a percentage of total procurement budget, by region of presence, %

Tver region	24.06
Stavropol territory	5.30
Moscow and Moscow region	17.13
Sverdlovsk region	38.77
Rostov region	0.72
Murmansk region	14.02

Local suppliers share, by region of presence, %

Tver region	8.57
Stavropol territory	5.71
Moscow and Moscow region	35.71
Sverdlovsk region	35.71
Rostov region	1.43
Murmansk region	12.86

99.3%
share of Russian companies among our suppliers

16%
of purchases from local suppliers in the total volume of purchases of the Company

Objectives for 2023

The main objective of the Procurement for 2023 is the adoption of procurement processes in accordance with the requirements of the Federal Law No. 223 "On the Procurement of Goods, Works, Services by Certain Types of Legal Entities".

The adoption affects almost all units of the Company and requires changes in many procurement-related processes. In addition to updating the existing and developing new regulatory documents, it is planned to conducts training sessions for the employees to effectively adjust to working conditions under the Federal Law No. 223-FZ.

1 Russian suppliers are the suppliers whose offices and production sites are located in the regions of the Russian Federation (not only in the regions where the Company's power plants are present).

Annexes

Annex 1. GRI content index and other standards

GRI Standards

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 2: THE ORGANIZATION AND ITS ACCOUNTING PRACTICES			
2-1	Organizational details	**About the Company, p. 18** Reporting principles, **p. 06**	
2-2	Entities included in the organization's sustainability reporting	Report boundaries, **p. 07** **Organizational structure of EL5-Energo PJSC, p. 18**	
2-3	Reporting period, frequency and contacts	**Reporting principles, p. 06** **Contacts and feedback, p. 12**	
2-4	Restatements of information	Changes in material topics, **p. 10**	In the case of revisions of historical data or other changes in reporting, comments about this are left in the appropriate place in the Report.
2-5	External assurance		The Company does not carry out external assurance of the Report. Quality control is performed by the data holders.
GRI 2: ACTIVITIES OF THE COMPANY AND ITS EMPLOYEES			
2-6	Activities, value chain and other business relationships	**Organizational structure of EL5-Energo PJSC, p. 18** Business model, **p. 28** Our profile – energy, **p. 30**	
2-7	Employees	**Personnel structure, p. 119**	
2-8	Workers who are not employees	**Talent attraction and development, p. 128** GRI content index	Temporary provision of personnel (outstaffing) is used when there are time-limited projects and projects aimed at increasing efficiency and business development of the Company. Information on the number of the outstaffers is disclosed in the **ESG databook** on the Company's website.
GRI 2: GOVERNANCE			
2-9	Governance structure and composition	**Corporate governance structure, p. 174** **The Board of Directors, p. 179**	
2-10	Nomination and selection of the highest governance body	**The Board of Directors, p. 179**	
2-11	Chair of the highest governance body	**The Board of Directors, p. 179**	
2-12	Role of the highest governance body in overseeing the management of impacts	**Role of the Company's management in the sustainable development agenda, p. 188**	
2-13	Delegation of responsibility for managing impacts	**Role of the Company's management in the sustainable development agenda, p. 188** Sustainability management, **p. 44**	
2-14	Role of the highest governance body in sustainability reporting	**Role of the Company's management in the sustainable development agenda, p. 188**	
2-15	Conflicts of interest	**The Board of Directors, p. 179**	
2-16	Communication of critical concerns	**The Board of Directors, p. 179**	
2-17	Collective knowledge of the highest governance body	**The Board of Directors, p. 179**	
2-18	Evaluation of the performance of the highest governance body	**The Board of Directors, p. 179**	
2-19	Remuneration policies	**Remuneration, p. 188**	
2-20	Process to determine remuneration	**Remuneration, p. 188**	
2-21	Annual total compensation ratio	**Remuneration, p. 188**	
GRI 2: STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	**Address to our readers, p. 02** **Sustainability management, p. 44**	
2-23	Policy commitments	**Sustainability management, p. 44** Anti-Corruption and ethical business conduct, **p. 196** Respect for human rights, **p. 202**	
2-24	Embedding policy commitments	**Sustainability management, p. 44** Respect for human rights, **p. 202** Anti-Corruption and ethical business conduct, **p. 196**	
2-25	Processes to remediate negative impacts	**Anti-corruption and ethical business conduct, p. 196** Health and safety, **p. 144** Respect for human rights, **p. 202**	
2-26	Mechanisms for seeking advice and raising concerns	**Stakeholder engagement, p. 52** Anti-Corruption and ethical business conduct, **p. 196** Respect for human rights, **p. 202**	

Indicator	Disclosure	Data location in the Report	Omission and explanation
2-27	Compliance with laws and regulations	⊙ GRI content index	The total number of cases of non-compliance with laws and regulations is 10, including: ⊙ cases with the fines imposed on – 7 (in the amount of RUB 751 ths); ⊙ cases with the non-monetary sanctions applied to – 1 (a warning notification). The significant cases were: ⊙ violations in terms of industrial safety of hazardous production facilities at Konakovskaya GRES, which do not affect the safe operation of the power plant; ⊙ violations of the operation rules for the energy units of Nevinnomysskaya GRES, which do not affect the safe operation of the power plant; ⊙ violations related to the time limits for the execution of previously issued orders.
2-28	Membership associations	⊙ GRI content index	EL5-Energo PJSC is a member of the following non-profit organizations: ⊙ All-Russian industrial association of the employers in the energy sector "Employers' Russian Association of Energy"; ⊙ Association "Nonprofit Partnership Council for Organizing Efficient System of Trading at Wholesale and Retail Electricity and Capacity Market"; ⊙ Association "Council of Electricity Producers and Strategic Electricity Investors"; ⊙ Russian Union of Industrialists and Entrepreneurs; ⊙ Non-profit Partnership "Russian Heat Supply"; ⊙ Non-profit Partnership Russia Renewable Energy Development Association.
GRI 2: STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	⊙ **Stakeholder engagement, p. 52**	
2-30	Collective bargaining agreements	⊙ **Efficiency and social partnership, p. 123**	
GRI 3: DISCLOSURES ON MATERIAL TOPICS			
3-1	Process to determine material topics	⊙ **Material topics, p. 08** ⊙ **Report boundaries, p. 07** ⊙ Changes in material topics, **p. 10**	
3-2	List of material topics	⊙ **Material topics, p. 08** ⊙ Changes in material topics, **p. 10**	
3-3	Management of material topics	⊙ **Sustainability management, p. 44** ⊙ Material topics, **p. 08**	The Company's approach to managing material topics is disclosed in the relevant sections of the Company's **website**

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	⊙ **Economic value, p. 38**	
201-2	Financial implications and other risks and opportunities due to climate change	⊙ Climate agenda governance, **p. 72** ⊙ Climate strategy, **p. 74**	In 2021, the Company prepared its first climate report with partial disclosure of TCFD Standards.
201-3	Defined benefit plan obligations and other retirement plans	⊙ **Culture and engagement, p. 138**	
201-4	Financial assistance received from the government		In the reporting year, the Company did not receive any financial assistance from government.
GRI 202: MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	⊙ **Efficiency and social partnership, p. 123** ⊙ GRI content index	The Company does not have any information on the wages of the workers who are not employees of the Company. Information on the employees' wages is disclosed in the **ESG databook** on the Company's website.
202-2	Proportion of senior management hired from the local community	⊙ GRI content index	Information on the proportion of the top management hired from the local community is disclosed in the **ESG databook** on the Company's website.
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	⊙ **Evaluation of the Company's impact on the local communities, p. 163**	
203-2	Significant indirect economic impacts	⊙ **Evaluation of the Company's impact on the local communities, p. 163**	
GRI 204: PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	⊙ **Support of local suppliers, p. 228**	
GRI 205: ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	⊙ **Anti-corruption management, p. 197**	Partially disclosed. Information om the risks identified is not disclosed due to the sensitivity of the information.
205-2	Communication and training about anti-corruption policies and procedures	⊙ **Training and awareness of employees, p. 199**	Partially disclosed. The number of employees who have received anti-corruption information and training in the regions where the Company operates is not disclosed, as the Company does not keep records of this type.
205-3	Confirmed incidents of corruption and actions taken	⊙ **Hotline and reports received, p. 200**	

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 206: ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	**Hotline and reports received, p. 200**	
GRI 207: TAX			
207-1	Approach to tax	**Tax strategy, p. 216**	
207-2	Tax governance, control, and risk management	**Stakeholder engagement, p. 52**	
207-3	Stakeholder engagement and management of concerns related to tax	**Compliance with tax legislation, p. 218**	
207-4	Country-by-country reporting	**Information about taxes paid, p. 220**	Tax information is disclosed in the **ESG databook** on the Company's website.
GRI 301: MATERIALS			
301-1	Materials used by weight or volume	GRI content index	Information on the materials used is disclosed in the **ESG databook** on the Company's website.
301-2	Recycled input materials used	GRI content index	The Company does not use any primary materials being recycled or reused waste.
301-3	Reclaimed products and their packaging materials	GRI content index	Not applicable to the Company's activities.
GRI 302: ENERGY			
302-1	Energy consumption within the organization	**Energy efficiency, p. 84**	Data on fuel consumption for production activities and BoP consumption, including electric and heat consumption as well as fuel, are presented separately.
302-2	Energy consumption outside the organization	GRI content index	Total amount of the energy consumption outside the Company is not disclosed, as the Company does not keep records of this type.
302-3	Energy intensity	**Energy efficiency, p. 84**	Calculation includes electricity and heat energy as well as fuel consumption within the Company. The unit of output – the sum of electricity and heat power – is used as the denominator.
302-4	Reduction of energy consumption	**Energy efficiency, p. 84**	Calculation includes electricity and heat power as well as fuel consumption within the Company.
302-5	Reductions in energy requirements of products and services	GRI content index	Not applicable to the Company's activities.

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 303: WATER AND EFFLUENTS			
303-1	Interactions with water as a shared resource	**Responsible water use, p. 96**	
303-2	Management of water discharge-related impacts	**Responsible water use, p. 96** GRI content index	In its activities related to wastewater disposal, the Company relies on the Order of the Ministry of Agriculture of Russia No. 552 dated December 13,2016 "On approval of water quality standards for fishery water bodies, including standards for maximum permissible concentration of harmful substances in the waters of fishery water bodies".
303-3	Water withdrawal	**Responsible water use, p. 96** GRI content index	Information on the water withdrawal is disclosed in the **ESG databook** on the Company's website.
303-4	Water discharge	**Responsible water use, p. 96** GRI content index	Information on the water discharge is disclosed in the **ESG databook** on the Company's website.
303-5	Water consumption	GRI content index	Information on the water consumption is disclosed in the **ESG databook** on the Company's website.
GRI 304: BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside the protected areas	**Biodiversity and preservation of natural heritage, p. 108**	
304-2	Significant impacts of activities, products, and services on biodiversity	**Biodiversity and preservation of natural heritage, p. 108**	Based the available data, the Company's current operations do not have a significant impact on the biodiversity in the regions where the Company's power or heat generation facilities are located.
304-3	Habitats protected or restored	**Biodiversity and preservation of natural heritage, p. 108**	The size and location of the protected and restored habitats, as well as information on the assessment of restoration measures by independent external experts, are not reported because there is no legal basis for the company to undertake habitat conservation or restoration.

Indicator	Disclosure	Data location in the Report	Omission and explanation
304-4	IUCN Red List species and national conservation list species with habitats in the areas affected by operations	⊙ GRI content index	There are no animals near the power plants that are categorized as: ⊙ critically endangered; ⊙ endangered. Vulnerable species according to the IUCN list: ⊙ AWPP: 2 species; ⊙ KWPP: 1 species. Near-threatened species according to the IUCN list: ⊙ KWPP: 1 species. Species of Least Concern, according to the IUCN list: ⊙ AWPP: 92 species; ⊙ KWPP: 9 species; ⊙ KGRES: 5 species; ⊙ NGRES: 9 species; ⊙ SUGRES: 6 species. (The species may occur at more than 1 power plant).
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	⊙ **Greenhouse gas emissions, p. 76** ⊙ GRI content index	Calculation includes: ⊙ CO_2 (carbon dioxide), ⊙ CH_4 (methane), ⊙ N_2O (nitrogen oxide), ⊙ HFCs (hydrofluorocarbon), ⊙ PFO (perfluorinated organic compounds), ⊙ SF_6 (sulphur (VI), ⊙ NF_3 (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the **ESG databook** on the Company's website.
305-2	Energy indirect (Scope 2) GHG emissions	⊙ **Greenhouse gas emissions, p. 76** ⊙ GRI content index	Calculation includes: ⊙ CO_2 (carbon dioxide), ⊙ CH_4 (methane), ⊙ N_2O (nitrogen oxide), ⊙ HFCs (hydrofluorocarbon), ⊙ PFO (perfluorinated organic compounds), ⊙ SF_6 (sulphur (VI), ⊙ NF_3 (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the **ESG databook** on the Company's website.
305-3	Other indirect (Scope 3) GHG emissions	⊙ **Greenhouse gas emissions, p. 76** ⊙ GRI content index	Partially disclosed (in terms of emissions from air flights).
305-4	GHG emissions intensity	⊙ **Greenhouse gas emissions, p. 76** ⊙ GRI content index	Calculation includes: ⊙ CO_2 (carbon dioxide), ⊙ CH_4 (methane), ⊙ N_2O (nitrogen oxide), ⊙ HFCs (hydrofluorocarbon), ⊙ PFO (perfluorinated organic compounds), ⊙ SF_6 (sulphur (VI), ⊙ NF_3 (nitrogen fluoride (III)). The denominator is the unit of output – the sum of electricity and heat energy.

Indicator	Disclosure	Data location in the Report	Omission and explanation
305-5	Reduction of GHG emissions	⊙ **Greenhouse gas emissions, p. 76**	
305-6	Emissions of ozone-depleting substances (ODS)	⊙ GRI content index	The Company does not produce any ozone-depleting emissions (ODE).
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	⊙ **Pollutant emissions, p. 94**	Calculation includes NO_x, SO_x, volatile organic compounds (VOCs), hazardous air pollutants, fuel ash, carbon monoxide. Information on pollutant emissions is disclosed in the **ESG databook** on the Company's website.
GRI 306: WASTE			
306-1	Waste generation and significant waste-related impacts	⊙ **Waste management, p. 101**	
306-2	Management of significant waste-related impacts	⊙ **Waste management, p. 101**	
306-3	Waste generated	⊙ **Waste management, p. 101**	Information on the amount of the waste generated is disclosed in the **ESG databook** on the Company's website.
306-4	Waste diverted from disposal	⊙ **Waste management, p. 101**	Information on the amount of the waste generated is disclosed in the **ESG databook** on the Company's website.
306-5	Waste directed to disposal	⊙ **Waste management, p. 101**	Information on the amount of the waste generated is disclosed in the **ESG databook** on the Company's website.
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria	⊙ **Sustainable supply chain development, p. 221**	
308-2	Negative environmental impacts in the supply chain and actions taken	⊙ **Sustainable supply chain development, p. 221**	
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover	⊙ **Personnel turnover and recruitment, p. 128** ⊙ GRI content index	Information on the number of new employees and staff turnover is disclosed in the **ESG databook** on the Company's website.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	⊙ **Employee insurance system, p. 141**	
401-3	Parental leave	⊙ **Culture and engagement, p. 138** ⊙ GRI content index	Information on the number of employees having been on a parental leave, as well as on the return from such leave, is disclosed in the **ESG databook** on the Company's website.

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 402–1: LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	GRI content index	The Company complies with the requirements of the Labor Code of the Russian Federation regarding the minimum period for notification of employees about significant changes in the Company, including its reorganization.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	**Occupational health and safety management, p. 145**	
403-2	Hazard identification, risk assessment, and incident investigation	**Risk assessment and occupational injury reduction, p. 148**	
403-3	Occupational health services	**Risk assessment and occupational injury reduction, p. 148**	
403-4	Worker participation, consultation, and communication on occupational health and safety	**Safety culture development, p. 153**	
403-5	Worker training on occupational health and safety	**Safety culture development, p. 153**	
403-6	Promotion of worker health	**Culture and engagement, p. 138**	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GRI content index	The Company's approach to preventing and mitigating significant health and safety impacts directly related to the Company's operations and its products is regulated by an Integrated Management System.
403-8	Workers covered by an occupational health and safety management system	**Occupational health and safety management, p. 145**	
403-9	Work-related injuries	**Risk assessment and occupational injury reduction, p. 148**	Information on the work-related injuries is disclosed in the **ESG databook** on the Company's website.
403-10	Work-related ill health	**Risk assessment and occupational injury reduction, p. 148**	Partially disclosed. Each workplace in the Company was assessed in terms of the working conditions. The data on the results of the working conditions assessment in accordance with the Federal Law of the Russian Federation dated December 28, 2013 No. 426-FZ "On a special assessment of working conditions", are disclosed on the Company's website. No cases of occupational diseases were identified during the reporting period.

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	**Talent attraction and development, p. 128** GRI content index	Information about employee training hours is disclosed in the **ESG databook** on the Company's website.
404-2	Programs for upgrading employee skills and transition assistance programs	**Talent attraction and development, p. 128**	
404-3	Percentage of employees receiving regular performance and career development reviews	**Talent attraction and development, p. 128**	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	**The Board of Directors, p. 179** **Personnel structure, p. 119** GRI content index	Information on the number of employees is disclosed in the **ESG databook** on the Company's website.
405-2	Ratio of basic salary and remuneration of women to men	**Efficiency and social partnership, p. 123** GRI content index	The Company does not have any information on the wages of the workers who are not employees of the Company. Information on the employees' wages is disclosed in the **ESG databook** on the Company's website.
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	GRI content index	During the reporting period, the Company's Internal Audit Department did not identify any cases of discrimination on the basis of gender, national and ethnic origin, religion, and other factors.
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**Supplier qualification, p. 225**	There are no such units of the Company and suppliers.
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	**Supplier qualification, p. 225** GRI content index	EL5-Energo PJSC respects the rights of children and does not accept any form of child labor. This is set in the Company's Human Rights Policy. No cases of child labor in the Company or its suppliers were recorded during the reporting period.
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI content index	EL5-Energo PJSC does not allow any form of force or compulsory labor. This is set in the Company's Human Rights Policy. No cases of forced or compulsory labor in the Company or its suppliers were recorded during the reporting period.

Indicator	Disclosure	Data location in the Report	Omission and explanation
GRI 410: SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	GRI content index	All security personnel have taken human rights training. The agreements with the providers of security services include provisions that they undertake to comply with the principles of the Code of Ethics of EL5-Energo PJSC when carrying out their business operations and interaction with partners. The Code of Ethics includes human rights provisions.
GRI 411: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	GRI content index	The Company plans to develop a specific policy on respect for the rights of indigenous and local minorities. The first stage of this development will be a stakeholders' engagement process. No incidents of violations of the rights of indigenous and local minorities were recorded during the reporting period, and no complaints of human rights violations were received from these groups.
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	**Evaluation of the Company's impact on the local communities, p. 163** **Stakeholder engagement, p. 52**	
413-2	Operations with significant actual and potential negative impacts on local communities	**Evaluation of the Company's impact on the local communities, p. 163** Critical event managem, **p. 157**	
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	**Supplier qualification, p. 225** GRI content index	Qualification process for all suppliers include sustainability factors, as well as social criteria.
414-2	Negative social impacts in the supply chain and actions taken	GRI content index	No negative social impacts in the supply chain were identified during the reporting period.
GRI 415: PUBLIC POLICY			
415-1	Political contributions	GRI content index	According to Chapter IV, No. 3.26 of the Code of Ethics, the Company does not fund political parties, their candidates or representatives in Russia or abroad, nor does it sponsor events or holidays held exclusively for the purpose. EL5-Energo PJSC refrains from any direct or indirect pressure on politicians.
GRI 416: CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories		Not applicable to the Company's activities.

Indicator	Disclosure	Data location in the Report	Omission and explanation
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable to the Company's activities.
GRI 417: MARKETING AND LABELING			
417-1	Requirements for product and service information and labeling		Not applicable to the Company's activities.
417-2	Incidents of non-compliance concerning product and service information and labeling		Not applicable to the Company's activities.
417-3	Incidents of non-compliance concerning marketing communications		Not applicable to the Company's activities.
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Not applicable to the Company's activities.

SASB Standards

ELECTRIC UTILITIES & POWER GENERATORS			
IF-EU-110a.1.	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions limiting regulations, and (3) emissions-reporting regulations	**Greenhouse gas emissions, p. 76**	
IF-EU-110a.3.	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	**Climate strategy, p. 74** **Greenhouse gas emissions, p. 76**	Partially disclosed.
IF-EU-120a.1.	Air emissions of the following pollutants: (1) NO_x (excluding N_2O) (nitrogen oxides), (2) SO_x (sulfur oxide), (3) particulate matter (PM_{10}), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	**Pollutant emissions, p. 94**	The calculations included NO_x, SO_x, volatile organic compounds (VOCs), hazardous air pollutants, fuel ash, carbon monoxide Information on pollutant emissions is disclosed in the **ESG databook** on the Company's website.
IF-EU-140a.1.	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	GRI content index	Information on the water withdrawn is disclosed in the **ESG databook** on the Company's website.

Indicator	Disclosure	Data location in the Report	Omission and explanation
IF-EU-140a.3.	Description of water management risks and discussion of strategies and practices to mitigate these risks	**Responsible water use, p. 96** GRI content index	Risks related to water use: SUGRES: excess of pollutant concentration in the outlets of the plant. The Company carries out a number of activities related to risk management related to water resources management: SUGRES: Project for the construction of sewage treatment facilities and for the collection and treatment of waste and storm water from the territory of the fuel oil facility. The management practices used do not lead to additional environmental impacts.
IF-EU-320a.1.	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	GRI content index	Information on occupational injuries is disclosed in the **ESG databook** on the Company's website.
WIND TECHNOLOGY & PROJECT DEVELOPER STANDARDS			
RR-WT-410a.2.	Backlog cancellations associated with community or ecological impacts	GRI content index	There were no backlog cancellation orders for turbines the reporting period for social or environmental reasons.
RR-WT-410a.3.	Description of efforts to address ecological and community impacts of wind energy production through turbine design	GRI content index	There are no cases of elimination of the environmental and human impact of wind power generation through the design of turbines. The enterprise ensures the safety of operation of its wind turbines with other preventive measures.
RR-WT-440a.1.	Description of the management of risks associated with the use of materials	GRI content index	EL5-Energo PJSC is a generation company. We do not use any critical materials directly to produce electricity and heat energy, we do not have the risk of limiting their supply.

TCFD Recommendations

TCFD Governance	Governance	**Climate agenda governance, p. 72**	
TCFD Strategy	Strategy	**Climate strategy, p. 74**	Partially disclosed.
TCFD Risk Management	Risk Management	**Climate strategy, p. 74**	Partially disclosed.
TCFD Metrics	Metrics	**Greenhouse gas emissions, p. 76**	

ESG databook

Annex 2. Glossary

Sustainability terms

Stakeholders	Individuals, groups of individuals or organizations that affect and/or may be affected by the company's activities, products or services and/or related results in relation to issues that must be resolved in agreement with these individuals, groups of individuals or organizations. Individuals and legal entities that influence the activities of the company and are affected by the company
Green (renewable) energy industry	The energy sector in which the electric power is generated from natural resources that are inexhaustible by human standards, using renewable energy sources (RES), such as sunlight, power of wind, tides, geothermal heat and some others.
Inclusion	The principle of organizing life and interaction in society that prioritises respect and non-discrimination, regardless of a person's individual characteristics.
Local community	People and organizations living and operating in the regions where the company operates (for EL5-Energo PJSC group of companies, this is the Tver Region, the Stavropol Territory, the Sverdlovsk Region, the Rostov Region, the Murmansk Region).
Material topics	Issues that are key for the company and form the basis for formation shaping the company's corporate sustainability strategy.
Sustainability/ Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development encourages businesses to make decisions in terms of environmental, social and economic impacts over the long-term, rather than focusing on short-term gains.
ESG databook	Source of consolidated quantitative information on the company's sustainability performance over 5 years.

Acronyms

AA1000	AccountAbility Stakeholder Engagement Standard
AQSG	Additional Quality Support Group
EMS	Energy management system
ESG	Environmental, Social, Governance
GHG	Greenhouse gases
GHG Protocol	Greenhouse Gas Protocol, the global standard for accounting for carbon dioxide emissions
GRES	State district power plant, thermal power plant
GRI	Global Reporting Initiative, Sustainability reporting standards
H&S	Health and Safety
HSEQ	Health, Safety, Environment and Quality
IFRS	International financial reporting standards
IMS	Integrated Management System

ISO	International Organization for Standardization, develops and publishes international standards
IT	Information Technology
KPI	Key Performance Indicators
LLC	Limited Liability Company
LTIFR	Lost time injury frequency rate
Media	Media
NGO	Non-governmental organization
NRBC	Non-regulated bilateral contract
PCB	Polychlorinated biphenyls
PJSC	Public Joint Stock Company
QMP	Quality Moving Pool
QMS	Quality Management System
RAS	Russian Accounting Standards
RMICS	Risk management and internal control system
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-related Financial Disclosures
UN SDGs	United Nations Sustainable Development Goals
VHI	Voluntary health insurance
VOC	Volatile organic compounds
WF	Wind farm
WPP	Wind power plant

ЭЛ5
Энерго