Driving a world of energy

SUSTAINABILITY REPORT 2022
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Address to our readers

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 last 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 CO2 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!
About the Report

Strengthening trust, by increasing transparency

Continuously improving the quality of reporting

The main theme of this Report – “Driving a world of energy”

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

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

More information p. 06

More information p. 06

More information p. 10
Reporting principles

The Sustainability Report (hereinafter – the Report) of ELS-Energo PJSC 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.

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.

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.

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 ELS-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.

Report boundaries

The Report covers the activities of ELS-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 “ELS-Energo PJSC”, “Company”, “group of Company” means PJSC “ELS-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.

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);
- Regulation on Information Policy of ELS-Energo PJSC.

For quantitative data over five years, see the ESG databook.
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.
### 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

<table>
<thead>
<tr>
<th>Material topic</th>
<th>Scope and limits</th>
<th>Impact type</th>
<th>GRI Standards</th>
<th>Report section</th>
<th>Key Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENTAL MANAGEMENT</strong></td>
<td>We regularly measure our impact on the environment, improve the mechanisms and</td>
<td></td>
<td>GRI 3, 201, 303–307</td>
<td>Climate and environment</td>
<td>○ Reduction of specific fuel consumption ○ Reduction of specific water consumption for production needs ○ Share of recovered and neutralized waste ○ Circular economy</td>
</tr>
<tr>
<td></td>
<td>accuracy of measuring this impact, manage it and strive to continuously improve</td>
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<td></td>
<td>protection</td>
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<td></td>
<td>our results. It is important for us to preserve the wealth of nature, use its</td>
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<tr>
<td></td>
<td>resources rationally and give back to nature what we take from it.</td>
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</tr>
<tr>
<td><strong>OCCUPATIONAL HEALTH AND SAFETY</strong></td>
<td>The health and safety of both our employees and contractors is our absolute</td>
<td></td>
<td>GRI 3, 403</td>
<td>Health and safety</td>
<td>○ Last 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 ○ Human rights ○ Development of an integrated management system ○ Corporate governance ○ Compliance with the Corporate Governance Code</td>
</tr>
<tr>
<td></td>
<td>priority. We do not discriminate, and we seek to provide a safe environment for</td>
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<tr>
<td></td>
<td>all people who work for or with us.</td>
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</tr>
<tr>
<td><strong>SOUND GOVERNANCE AND FAIR CORPORATE CONDUCT</strong></td>
<td>We recognize the importance of conducting business with integrity and making</td>
<td></td>
<td>GRI 2, 205, 207, 415</td>
<td>Respect for human rights</td>
<td>○ Employee retention and experience ○ Leadership and succession ○ 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</td>
</tr>
<tr>
<td></td>
<td>transparent, consistent and fair decisions when running a Company. This requires</td>
<td></td>
<td></td>
<td>Efficient governance</td>
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<td>not only setting and maintaining high ethical standards and complying with the</td>
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<td>law, but also providing high quality and timely disclosure of information about</td>
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<tr>
<td></td>
<td>the Company’s operations.</td>
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<tr>
<td><strong>EMPLOYEES MANAGEMENT, DEVELOPMENT AND MOTIVATION</strong></td>
<td>We value our employees and strive to provide them with a pleasant working</td>
<td></td>
<td>GRI 2, 202, 401, 402, 404, 405, 406, 408, 409, 410</td>
<td>People we work with</td>
<td>○ Employee retention and experience ○ Leadership and succession ○ 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</td>
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<tr>
<td></td>
<td>environment and fair wages. Every year we help our employees to acquire new</td>
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<tr>
<td></td>
<td>skills and knowledge. It is very important to us to create a friendly and</td>
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<td></td>
<td>cooperative atmosphere in our team and to give our employees the confidence that</td>
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<tr>
<td></td>
<td>all people are important and valuable, regardless of their characteristics and</td>
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</tr>
<tr>
<td></td>
<td>beliefs.</td>
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</tr>
<tr>
<td><strong>ENGAGING THE LOCAL COMMUNITIES</strong></td>
<td>We have a responsibility not only to our employees, but also to the people in</td>
<td></td>
<td>GRI 2, 203, 411, 413</td>
<td>Our work with local</td>
<td>○ 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</td>
</tr>
<tr>
<td></td>
<td>the regions where our power plants are located and to those affected by our</td>
<td></td>
<td></td>
<td>communities</td>
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</tr>
<tr>
<td></td>
<td>operations, which is why we believe it is important to support and develop cities</td>
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<tr>
<td></td>
<td>by improving the quality of life for local communities.</td>
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</tr>
</tbody>
</table>
**Material topic**

**ECONOMIC AND FINANCIAL VALUE CREATION**

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 Standards**

GRI 3, 201

**Key sustainability results**

- EBITDA
- Net profit from operations

**Decarbonization of the Energy Mix**

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 Standards**

GRI 3, 302, 305

**Participation of the Company in the climate agenda**

- Renewable capacity installed
- CO2 emissions intensity
- Climate strategy and climate risks

**Sustainable Supply Chain**

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 Standards**

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

**Innovation and Digital Transformation**

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 Standards**

GRI 3

**Innovation, digitalization and information security**

- Responsible attitude to the environment
- Dissemination of digital skills to employees

**Customer Engagement**

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 Standards**

GRI 3

**Customer focus**

**Contacts and feedback**

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**

<table>
<thead>
<tr>
<th>Business unit</th>
<th>Contact persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance</td>
<td>Oxana Ryabchinskaya</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Oxana.Ryabchinskaya@ELS-energo.ru">Oxana.Ryabchinskaya@ELS-energo.ru</a></td>
</tr>
<tr>
<td>Investor Relations</td>
<td>Ilya Kalinin</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Ilya.Kalinin@ELS-energo.ru">Ilya.Kalinin@ELS-energo.ru</a></td>
</tr>
<tr>
<td>Sustainability</td>
<td>Maria Shipitsyna</td>
</tr>
<tr>
<td></td>
<td>Ekaterina Glukhova</td>
</tr>
<tr>
<td></td>
<td>Natalia Timoshkova</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Sustainability.Russia@ELS-energo.ru">Sustainability.Russia@ELS-energo.ru</a></td>
</tr>
<tr>
<td>Media Office</td>
<td>Maria Svetlichnaya</td>
</tr>
<tr>
<td></td>
<td>Aleksey Stroev</td>
</tr>
<tr>
<td></td>
<td>Elena Ivashevskaya</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Media@ELS-energo.ru">Media@ELS-energo.ru</a></td>
</tr>
</tbody>
</table>
About the Company

Discovering the world of energy and new technologies

5.9 GW
group’s total electrical installed capacity

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

717.67 RUB mln
investment in sustainability initiatives

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More information p. 27
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 3, 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.

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

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>LUKOIL PJSC</td>
<td>56.43</td>
</tr>
<tr>
<td>Other minorities</td>
<td>7.40</td>
</tr>
<tr>
<td>PIIT-7 LLC</td>
<td>5.54</td>
</tr>
<tr>
<td>UROC LIMITED PLC</td>
<td>30.63</td>
</tr>
</tbody>
</table>

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

For a brief history of the Company, see the Annual report.
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, decision-making and the implementation of sustainability agenda.

1 The chart as of December 31, 2022.
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

Konakovskaya GRES
2,520 MW installed capacity
Tver region, Konakovo

Nevinnomysskaya GRES
1,551.4 MW installed capacity
Stavropol Territory, Nevinnomyssk

Sredneuralskaya GRES
1,578.5 MW installed capacity
Sverdlovsk region, Sredneuralsk

Headquarters
Moscow

PISC “ELS-Energo”
Sverdlovsk region, Ekaterinburg

Azov WPP
90.1 MW installed capacity
LLC Azov WPS
100%
Rostov region, Azov district

Kola WPP
170.4 MW installed capacity
LLC Kola WPP
100%
Murmansk region, Kolsky district

THE CONTROLLED ENTITIES OF SIGNIFICANT IMPORTANCE TO THE COMPANY

BRANCHES

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

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.

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.

216 ths tons CO₂ emissions prevented in the 1st year of Azov WPP operation

>2 ths schoolchildren participated in 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.

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.

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.

November 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.

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.

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.
## Key sustainability results

### Environmental aspects

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ intensity</td>
<td>439.28 grams CO₂-eq/kW</td>
</tr>
<tr>
<td>Emissions of hazardous pollutants</td>
<td>22.02 ths tones</td>
</tr>
<tr>
<td>Share of consumption and production waste recovery</td>
<td>45%</td>
</tr>
<tr>
<td>Reduction on specific water consumption</td>
<td>3%</td>
</tr>
<tr>
<td>Energy intensity</td>
<td>2.07 GJ/GJ</td>
</tr>
<tr>
<td>Reduction of energy consumption as a result of energy saving initiatives</td>
<td>170,547 GJ</td>
</tr>
</tbody>
</table>

### Social aspects

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee headcount</td>
<td>1,461 persons</td>
</tr>
<tr>
<td>Training hours average</td>
<td>75.5 man/hours</td>
</tr>
<tr>
<td>Ratio of the employees’ salary to the region average</td>
<td>0.19–5.8</td>
</tr>
<tr>
<td>Number of beneficiaries</td>
<td>123,395 persons</td>
</tr>
<tr>
<td>Employee turnover</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

### Financial and operational results

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heat sales</td>
<td>20.5 TWh</td>
</tr>
<tr>
<td>Electricity sales</td>
<td>23.2 TWh</td>
</tr>
<tr>
<td>Investment in sustainability initiatives</td>
<td>63.4 GW</td>
</tr>
<tr>
<td>Net income from core activities</td>
<td>4.1 mln Gcal</td>
</tr>
<tr>
<td>Number of beneficiaries</td>
<td>717.67 RUB mln</td>
</tr>
<tr>
<td>Net sales</td>
<td>3.3 RUB bln</td>
</tr>
</tbody>
</table>

### Corporate governance and partnerships for sustainable development

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of women on the Board of Directors</td>
<td>27%</td>
</tr>
<tr>
<td>Share of Russian suppliers</td>
<td>99.3%</td>
</tr>
<tr>
<td>Cases of non-compliance with the Company’s Code of Ethics</td>
<td>0</td>
</tr>
</tbody>
</table>

---

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

Our business activities

- **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 technician
  - 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

- **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

- **System services**

- **Network companies**

- **Electricity supply companies**
  - Large industrial consumers

- **Heat supply companies**

- **System operator**

- **END CONSUMERS OF ELECTRICITY AND HEAT**
  - Large industrial consumers
  - Heat supply companies
  - System operator

- **About the Company Sustainability report EL5-Energo PJSC | 2022**

When developing the business model, we took into account the recommendations of the International Standard <O1> (International standard for Integrated Reporting).

**Outside the Company’s influence**

- **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
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 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 an unlimited number of times, replenished with the required amount if necessary.

The demineralized water is mixed with the main condensate after the condenser and transfer pumps send it through the condensate-feed contour, 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, 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 and dissipated into the atmosphere at an altitude of 60 to 250 m.

Then the steam from the boiler enters the steam turbine 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, 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.

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 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 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). 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, each of which, in turn, is connected to an electrical substation.

The conversion of wind energy into electrical energy occurs due to the mechanisms located in the WTG nacelle. 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, and at the other end to a multiplier to which an electric generator 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, 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, the rotation is transmitted to the generator. Thanks to the multiplier, the speed of rotation of the high-speed shaft becomes sufficient for the stable operation of the generator. 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, 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 is fixed at the top of the tower 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 is fixed on the foundation – 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.

Wholesale electricity and capacity market (WECM) is an area of circulation of electricity and capacity within the Unified Energy System of Russia. The 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;
- 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 NIP 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 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%.
- 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, 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.

How are they determined?

Regulated contracts (RC) sector
- Sale at fixed rates
- Annually

Day ahead market (DAM)
- Sale based on quotation (bidding)
- On daily basis

Balancing Market (BM)
- Sale on the basis of price-accepting applications
- Every minute (real time)

How often are they determined?

Regulated sales Free sales

Electricity sales in 2022 23.2 TWh
Capacity sales in 2022 63.4 GW

1 Federal Antimonopoly Service
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)
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.

| MW | the total installed capacity of the Company for generation of heat power at the end of 2022 |

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 (WEICM).

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.
### 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.

#### Generated and distributed economic value, RUB ths

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct economic value generated</strong></td>
<td>74,201,171</td>
<td>84,193,994</td>
<td>49,191,198</td>
<td>51,206,111</td>
<td>52,723,025</td>
</tr>
<tr>
<td>Revenue from core business activities</td>
<td>73,264,973</td>
<td>65,834,843</td>
<td>44,036,827</td>
<td>48,248,917</td>
<td>50,481,443</td>
</tr>
<tr>
<td>Other operating income</td>
<td>603,598</td>
<td>379,400</td>
<td>546,321</td>
<td>997,508</td>
<td>618,029</td>
</tr>
<tr>
<td>Revenue from financial investments</td>
<td>332,600</td>
<td>1,279,720</td>
<td>608,050</td>
<td>439,690</td>
<td>542,761</td>
</tr>
<tr>
<td>Proceeds from the sale of assets</td>
<td>0</td>
<td>16,700,031</td>
<td>4,000,000</td>
<td>1,519,996</td>
<td>1,080,792</td>
</tr>
<tr>
<td><strong>Economic value distributed</strong></td>
<td>-64,683,039</td>
<td>-59,283,794</td>
<td>-39,782,646</td>
<td>-43,971,586</td>
<td>-34,479,273</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-3,789,029</td>
<td>-3,448,630</td>
<td>-2,523,810</td>
<td>-2,839,971</td>
<td>-2,913,508</td>
</tr>
<tr>
<td>Payments to providers of capita</td>
<td>-7,260,279</td>
<td>-7,213,425</td>
<td>-3,680,421</td>
<td>-705,393</td>
<td>-1,425,551</td>
</tr>
<tr>
<td>Payments to shareholders</td>
<td>-5,126,449</td>
<td>-5,004,098</td>
<td>-3,006,611</td>
<td>18,640</td>
<td>19,549</td>
</tr>
<tr>
<td>Payments to creditors</td>
<td>-2,133,830</td>
<td>-2,209,327</td>
<td>-673,810</td>
<td>-724,033</td>
<td>-1,445,109</td>
</tr>
<tr>
<td>Tax payments, fines, and penalties</td>
<td>-3,572,675</td>
<td>-3,320,272</td>
<td>-2,335,736</td>
<td>-2,322,129</td>
<td>3,454,897</td>
</tr>
<tr>
<td>including income tax</td>
<td>-987,585</td>
<td>-1,376,942</td>
<td>-965,046</td>
<td>-664,859</td>
<td>4,905,658</td>
</tr>
<tr>
<td>Local community investments</td>
<td>-43,500</td>
<td>-43,500</td>
<td>-37,995</td>
<td>-32,840</td>
<td>-60,853</td>
</tr>
<tr>
<td><strong>Economic value retained</strong></td>
<td>9,318,132</td>
<td>24,910,200</td>
<td>9,408,552</td>
<td>7,234,526</td>
<td>18,243,752</td>
</tr>
</tbody>
</table>

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GRI 201-1

We openly and transparently inform shareholders, investors, employees, 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.
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

Creating value for the present and future

Developing a culture of sustainability

43 goals for sustainability in 9 pillars

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

1st place in the nomination “Contribution to the development of ESG culture”
Sustainability management

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.

Sustainability aspects governance

Sustainability topics at ELS-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.

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.

For more details, see the Company’s website

Sustainability governance structure
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.

For more details, see the “Material topics” section.

Legend and basic notations used in the Plan

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

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

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

2nd place in the overall ESG-ranking in October – December 2022

2nd place in the ESG-ranking of the Russian companies in the industrial sector

3rd place in the ESG-transparency ranking

Our awards

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

1st place in the nominations “Best Disclosure of the Economic Impact Issues” and “Best Disclosure of Business Ethics” of the “Change management. Visionaries” Award

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

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.

Sustainability plan development

1. Processing of materiality analysis results and revision of strategic areas
2. Plan-fact analysis of achievement of previous plan’s targets
3. Internal analysis and discussion of key priorities with the Heads of Functions
4. Assessment of potential contribution to achievement of SDGs
5. Review and approval of the Plan by the General Director and the Strategy and ESG Committee
6. Update of the existing KPIs and forming of the new ones
7. Publishing of the Plan on the Company’s website

Our contribution to the achievement of the UN Sustainable Development Goals

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 8 “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 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.
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.

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.

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.

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

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

### 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

### Additional information

- "Efficient governance" refers to the company’s commitment to effective governance and responsible business practices.
- "Responsible attitude to the environment" signifies the company’s efforts to minimize its environmental footprint and support sustainable development.
- "Our work with local communities" highlights the company’s engagement and support for local community initiatives and projects.
Integrated management system

Sound governance and fair corporate conduct

- **Activity**: ISO and Anti-Corruption Management System certification certificates obtained
  - **Result 2022**: The results of engagement to the Board of Directors were summarized during the meetings, and the Board was conducted post-certification audits and internal audits to ensure the compliance of the integration activities.
  - **Target 2023**: Conducting an external certification audit on the Integrated Management System: step 1; step 2; obtaining certificates.
  - **UN SDG**: N/A
  - **Result 2022**: 1,485
  - **Target 2023**: N/A

- **Activity**: Ensuring the quality of work performed during maintenance/reconstruction of equipment
  - **Result 2022**: N/A
  - **Target 2023**: N/A

- **Activity**: Implementation of the plan for updating the procedures of the HSEQ&E
  - **Result 2022**: 100%
  - **Target 2023**: N/A

- **Activity**: Conducting internal audits at production facilities
  - **Result 2022**: N/A
  - **Target 2023**: 13

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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.

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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

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

- **Internal 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

- **External Documents**
  - Manual for an Integrated Health, Safety, Environmental and Quality Management System
  - Other regulatory documents that can be found on the Company’s website
We are building a systematic approach to managing business processes in the Company. The Integrated Management System (hereinafter – the IMS) implemented at ELS-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 ELS-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.

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 for certification of ELS-Energo PJSC power plants according to the ISO 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 controls) 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.

For more details, see the “Health and safety”, “Responsible attitude to the environment” and “Sustainable supply chain development” sections.

## Integrated management system

<table>
<thead>
<tr>
<th>Standard</th>
<th>Key components</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 9001:2015 Quality management system Requirements</td>
<td>Development and continuous improvement of IMS, process-based approach</td>
<td>All thermal generation assets and Headquarters are certified</td>
</tr>
<tr>
<td>ISO 14001:2015 Environmental management systems Require with guidance for use</td>
<td>Environmental Management, Obtaining permitting documentation, Management of environmental risks and opportunities</td>
<td>All thermal generation facilities are certified</td>
</tr>
<tr>
<td>ISO 45001:2018 Energy management systems Require with guidance for use</td>
<td>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</td>
<td>Konakovskaya GRES and Nevinnomysskaya GRES were certified</td>
</tr>
<tr>
<td>ISO 50001:2018 Occupational health and safety management systems Require with guidance for use</td>
<td>Improvement of the management system for transition to the ISO 45001:2018 standard</td>
<td>All thermal generation assets and Headquarters are certified</td>
</tr>
<tr>
<td>ISO 37001:2016 Anti-bribery management systems Require with guidance for use</td>
<td>Implementation of the anti-bribery management system, Application of risk-oriented approach, Racing 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</td>
<td>All thermal generation assets and Headquarters are certified</td>
</tr>
</tbody>
</table>

### 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. Thus, 96% of the total volume of the IMS non-conformity register has been covered.

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.

<table>
<thead>
<tr>
<th>Residual risk level at current control measures</th>
<th>Risk classification</th>
<th>Necessary measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤1,000</td>
<td>High risk</td>
<td>Measures must be taken immediately</td>
</tr>
<tr>
<td>1,000 &lt; &amp; ≥ 200</td>
<td>Medium risk</td>
<td>Measures must be taken within a year</td>
</tr>
<tr>
<td>&lt;200</td>
<td>Low risk</td>
<td>No measures need to be taken, but the situation must be under control</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Event</th>
<th>KGRES</th>
<th>NGRES</th>
<th>SUGRES</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspections</td>
<td>167</td>
<td>363</td>
<td>327</td>
<td>854</td>
</tr>
<tr>
<td>Documentation review</td>
<td>307</td>
<td>130</td>
<td>113</td>
<td>550</td>
</tr>
<tr>
<td>Other events</td>
<td>45</td>
<td>42</td>
<td>14</td>
<td>101</td>
</tr>
</tbody>
</table>

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

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- 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;
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- 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.

**Composition of the AQSG**

<table>
<thead>
<tr>
<th>Event</th>
<th>KGRES</th>
<th>NGRES</th>
<th>SUGRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Engineer (employees combining positions)</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Quality Controllers (employees combining positions)</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**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.

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

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

For more details, see the section “Sustainable supply chain development” of the Company’s website.
Climate and environment protection

Recognizing the significance of climate change

Striving for carbon neutrality

38,336 tons
the amount of saved CO₂

417.56 RUB mln
environmental protection costs

0 complaints
regarding environmental issues were received by the Company

More information p. 82

More information p. 91

More information p. 91
Participation of the Company in the climate agenda

Decarbonization of the energy mix

ELS-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.

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.

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.

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

Decarbonization of energy mix

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable capacity installed MW</td>
<td>260.49</td>
<td>291</td>
<td>14</td>
</tr>
<tr>
<td>CO₂ emissions intensity g/kWh</td>
<td>438</td>
<td>448</td>
<td>14</td>
</tr>
</tbody>
</table>

TCFD reporting (partial disclosure), climate risks identified
Draft of Climate agenda governance roadmap
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

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity</th>
<th>Generation / year</th>
<th>Prevented CO₂ emissions / year</th>
<th>Location</th>
<th>Commercial operation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azov wind farm</td>
<td>90.1 MW</td>
<td>320 GWh</td>
<td>About 260 ths tons</td>
<td>Rostov Region</td>
<td>May 2021</td>
</tr>
<tr>
<td></td>
<td>251 MW</td>
<td>750 GWh</td>
<td>About 600 ths tons</td>
<td>Murmansk Region</td>
<td>March 2023</td>
</tr>
</tbody>
</table>

**Azov wind farm**

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.

**Kola wind farm**

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 turbine generators covering an area of 237 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. CO₂ per year.¹

### 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.

---

¹ Excluding indirect greenhouse gas emissions.
Climate agenda governance

Regulatory documents

External documents
- Decree of the President of the Russian Federation No. 666 of 2020 on Reducing Greenhouse Gas Emissions
- 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.

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.
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 2030 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 associated 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.

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

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.

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

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

...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 for the period up to 2030.
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.

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. CO₂ from:
- CO₂, N₂O and CH₄, 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;
- CO₂, N₂O and CH₄ generated from the combustion of fossil fuels in vehicles under the Company’s control;
- sulfur fluoride (SF₆) formed as a result of SF₆ 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. CO₂ from burning propane (C₃H₈) in case of its use for gas welding by the Company’s personnel.

GHG Protocol:

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 for GHG removals in eq. CO₂ 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 CO₂ eq. with such approach, the Company registers GHG emissions in CO₂ eq. according to its share in the capital. The corporate boundaries of the Company are limited by legal entities constituting one group for reporting purposes in compliance with the International Financial Reporting Standards (IFRS).

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.

We regularly monitor GHG emissions by making calculations in accordance with the Corporate GHG Protocol.
The total volume of Scope 1 GHG emissions in 2022 was 11.08 mln tons CO₂-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 CO₂-eq) that is explained by a decrease in the total net power and heat output by 4%.

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 CO₂-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 CO₂-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.

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 CO₂-eq. recorded from air travel for employee business trips.

Compared to 2021, the volume of other indirect CO₂-eq emissions nearly doubled in 2022, driven by a corresponding increase in employee air travel.

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

1 Scope 1 GHG emissions dynamics, total for the Company, mln tons CO₂-eq.

2 Scope 2 GHG total emissions dynamics by power plant, tons CO₂-eq.

3 Scope 3 (air rights) GHG emissions dynamics, total for the Company, tons CO₂-eq.

4 For 2019-2021 data, a recalibration adjustment has been made.
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.

Company’s total specific GHG emissions, total for the Company (Scopes 1 and 2), grams eq. CO₂-eq./kWh¹

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>420.79</td>
<td>438.84</td>
<td>447.75</td>
<td>439.28</td>
<td></td>
</tr>
</tbody>
</table>

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.

Company’s specific GHG emissions, total for the Company (Scope 1), grams of CO₂-eq./kWh

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>420.76</td>
<td>432.82</td>
<td>447.64</td>
<td>439.00</td>
<td></td>
</tr>
</tbody>
</table>

Company’s specific GHG emissions by power plant (Scopes 1 and 2), grams eq. CO₂-eq./kWh¹

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>KGRES</td>
<td>515.24</td>
<td>532.28</td>
<td>537.54</td>
<td>539.19</td>
</tr>
<tr>
<td>NGRES</td>
<td>414.89</td>
<td>420.45</td>
<td>434.03</td>
<td>433.63</td>
</tr>
<tr>
<td>SUGRES</td>
<td>368.75</td>
<td>389.56</td>
<td>397.11</td>
<td>388.51</td>
</tr>
<tr>
<td>AWPP</td>
<td>0.151</td>
<td>0.150</td>
<td>0.117</td>
<td></td>
</tr>
<tr>
<td>KWPP</td>
<td></td>
<td></td>
<td></td>
<td>0.18</td>
</tr>
</tbody>
</table>

Company’s specific GHG emissions by power plants (Scope 1), grams of CO₂-eq./kWh

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>SUGRES</td>
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<td>397.11</td>
<td>388.51</td>
</tr>
<tr>
<td>AWPP</td>
<td>0.754</td>
<td>2.078</td>
<td>3.280</td>
<td>3.878</td>
</tr>
<tr>
<td>KWPP</td>
<td>0.006</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Company’s total specific GHG emissions, total for the Company (Scopes 1 and 2), grams eq. CO₂-eq./kWh

<table>
<thead>
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<td>447.75</td>
<td>439.28</td>
<td></td>
</tr>
</tbody>
</table>

In 2022, the amount of specific GHG emissions decreased by 2% and amounted to 439 grams of CO₂-eq./kWh. The reason for its decline was a decrease in the total net output of thermal generation by 4%.

Company’s specific GHG emissions, by power plants (Scope 1), grams of CO₂-eq./kWh

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
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</tr>
</tbody>
</table>

Climate and environment protection

Sustainability report EL5-Energo PJSC | 2022
Avoided CO₂

In addition to saved CO₂, the Company keeps a record of the avoided CO₂.

Avoided CO₂ 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 CO₂ 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.

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

We evaluate not only the CO₂ emissions generated, but also consider the effectiveness of our initiatives to reduce them. One of the criteria for our evaluation is the amount of CO₂ saved.

Saved CO₂ 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.

In 2022, the amount of saved CO₂ 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.

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 CO₂ emissions including net power output from wind generation were 435 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.

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 CO₂ emissions including net power output from wind generation were 435 grams / kWh with an installed KPI of 423 grams / kWh.

Saved CO₂ emissions KPIs

We evaluate not only the CO₂ emissions generated, but also consider the effectiveness of our initiatives to reduce them. One of the criteria for our evaluation is the amount of CO₂ saved.

Saved CO₂ is the reduction of CO₂ emissions through the implementation of energy efficiency initiatives.

- 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.

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

Adoption of environment-friendly and innovative technologies, including
- adaptive illumination
- heating
- air-cooling
- installation of turbo-expanders
- electric vehicle charging stations, etc.

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- delay in the commissioning of the Kola wind farm.

Adoption of environment-friendly and innovative technologies, including
- adaptive illumination
- heating
- air-cooling
- installation of turbo-expanders
- electric vehicle charging stations, etc.

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 CO₂ emissions including net power output from wind generation were 435 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;
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Energy efficiency

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 operate the Company’s infrastructure: equipment, cars, lighting and heating of our plants and offices, etc.

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

Energy consumption

The main fuel of our thermal power plants is natural gas. At 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.

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 the 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.

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

- Top-level process management
- Fuel consumption monitoring
- Accounting for consumption of purchased electric power
- Development of energy efficiency initiatives
- Setting goals to reduce specific energy consumption

Energy consumption for production needs:

![Energy consumption chart](chart.png)

- Total energy consumption for production needs, mln GJ
  - 2018: 187.93
  - 2019: 187.19
  - 2020: 186.25
  - 2021: 184.30
  - 2022: 188.08

Energy consumption for production needs for each area:

- Fuel consumption for portable generators: 3.07 mln GJ
- Consumption of gasoline and diesel for the Company’s transport: 0.01 mln GJ
- Electricity consumption for lighting: 0.00 mln GJ
- Heat consumption for heating: 0.00 mln GJ

Energy consumption for production needs by categories:

- Electricity consumption: 142.86 mln GJ
- Heat consumption: 45.22 mln GJ
- Other consumption: 11.30 mln GJ

For more details on the Integrated Management System, see the “Integrated management system” section.
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.

### Total BoP energy consumption, 1ths GJ

<table>
<thead>
<tr>
<th>Year</th>
<th>KGRES</th>
<th>NGRES</th>
<th>DUGRES</th>
<th>OFNov</th>
<th>AKVP</th>
<th>AKVP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,459.98</td>
<td>2,679.55</td>
<td>2,493.04</td>
<td>0.00</td>
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<td>2019</td>
<td>2,954.30</td>
<td>2,700.80</td>
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<td>0.00</td>
<td>7.43</td>
<td>7.43</td>
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<tr>
<td>2020</td>
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<td>2,697.63</td>
<td>3,177.14</td>
<td>0.00</td>
<td>5.72</td>
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<tr>
<td>2021</td>
<td>3,253.77</td>
<td>3,243.97</td>
<td>3,235.65</td>
<td>0.00</td>
<td>5.55</td>
<td>5.55</td>
</tr>
<tr>
<td>2022</td>
<td>3,480.90</td>
<td>3,397.04</td>
<td>9.84</td>
<td>0.00</td>
<td>5.37</td>
<td>5.37</td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.053</td>
<td>2.015</td>
<td>2.084</td>
<td>2.115</td>
<td>2.069</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2.053</td>
<td>2.015</td>
<td>2.084</td>
<td>2.115</td>
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<tr>
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<td>2.115</td>
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<td>2.115</td>
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<td>2.115</td>
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<tr>
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<td>2.084</td>
<td>2.115</td>
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<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.097</td>
<td>0.097</td>
<td>0.104</td>
<td>0.102</td>
<td>0.103</td>
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<tr>
<td>2017</td>
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<tr>
<td>2018</td>
<td>0.097</td>
<td>0.097</td>
<td>0.104</td>
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<tr>
<td>2019</td>
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<td>0.102</td>
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<td></td>
</tr>
<tr>
<td>2020</td>
<td>0.097</td>
<td>0.097</td>
<td>0.104</td>
<td>0.102</td>
<td>0.103</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>0.097</td>
<td>0.097</td>
<td>0.104</td>
<td>0.102</td>
<td>0.103</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>70,097.63</td>
<td>31,748.61</td>
<td>170,546.55</td>
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<td></td>
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<tr>
<td>2019</td>
<td>70,097.63</td>
<td>31,748.61</td>
<td>170,546.55</td>
<td></td>
<td></td>
</tr>
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<td>2020</td>
<td>70,097.63</td>
<td>31,748.61</td>
<td>170,546.55</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

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.

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.

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.
**Responsible attitude to the environment**

**Environmental management**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific fuel consumption reduction g/kWh</td>
<td>311.1</td>
<td>315.6</td>
<td></td>
</tr>
<tr>
<td>Reduction of specific water consumption m3/kWh</td>
<td>0.316</td>
<td>0.304</td>
<td></td>
</tr>
<tr>
<td>Share of recovered and neutralized waste %</td>
<td>N/A</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Circular economy initiatives projects per year</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Reduction of paper consumption reduction of the pages printed, %</td>
<td>4</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td>Engage ment of the cities in the circular economy projects and initiatives number of new cities joined the project</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**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.

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 counterparty.

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 full version of the Sustainability plan, see the website.
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 to 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.

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

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.

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.

For more details, see the “Integrated management system” section.

<table>
<thead>
<tr>
<th>Environmental protection costs, RUB mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>267.56</td>
</tr>
<tr>
<td>100.08</td>
</tr>
<tr>
<td>49.92</td>
</tr>
<tr>
<td><strong>417.56</strong></td>
</tr>
</tbody>
</table>
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.

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

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.

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 HO 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 HO 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 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 of state and corporate environmental reports.

>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
- Website of the Gazprom ECO website

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 demand for carbon units to meet climate projects of initiatives, into account the criteria for compliance with 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.
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.

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.

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.

Environmental policy

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

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

Water Consumption

Konalovskaya 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:
- 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.

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

For both industrial and household needs. In accordance with the objectives set out in the Environmental Policy, the Company is committed to:

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

1 Main place 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 intake from underground sources.
3 Water is taken for cooling thermal mechanical equipment, cooling auxiliary mechanisms, feeding boilers and heating systems, household needs.
4 The data for 2021 presented in the previous Report has been adjusted due to recalculation.

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

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

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 m³, for Kola WPP – 72 m³.
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.

Irreversible 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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water withdrawal</td>
<td>1,509.42</td>
<td>1,432.08</td>
<td>77.35</td>
<td>1,302.84</td>
<td>1,214.74</td>
</tr>
<tr>
<td>Total water discharge</td>
<td>1,382.68</td>
<td>1,252.54</td>
<td>72.99</td>
<td>1,289.75</td>
<td>1,214.70</td>
</tr>
<tr>
<td>Irreversible water consumption</td>
<td>116.73</td>
<td>79.59</td>
<td>8.49</td>
<td>113.09</td>
<td>100.04</td>
</tr>
</tbody>
</table>

### 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.

### Total wastewater broken down by treatment method, mln m³

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normatively clean water (without treatment)</td>
<td>1,424.63</td>
<td>1,207.57</td>
<td>1,253.14</td>
<td>1,561.89</td>
<td>1,416.10</td>
</tr>
<tr>
<td>Waters treated to standard quality (mechanical, physical and chemical cleaning)</td>
<td>7.00</td>
<td>6.76</td>
<td>6.22</td>
<td>5.34</td>
<td>5.46</td>
</tr>
<tr>
<td>Disinfection</td>
<td>0.45</td>
<td>0.41</td>
<td>0.37</td>
<td>0.37</td>
<td>0.37</td>
</tr>
<tr>
<td>Total</td>
<td>1,432.08</td>
<td>1,214.74</td>
<td>1,259.73</td>
<td>1,567.60</td>
<td>1,421.92</td>
</tr>
</tbody>
</table>

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.

**GRI 303-4**

### 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.
Selected projects and initiatives in water consumption and wastewater disposal

Our sustainability strategy and activities are inextricably linked to the UN SDGs. SDG1"Clean water and sanitation” is a key sustainability goal, highlighting 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 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 and sanitation in 2022, the following activities were implemented.

- The first 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.
- 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, m³/kWh

<table>
<thead>
<tr>
<th>KPI for 2022</th>
<th>2022, actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.299</td>
<td>0.316</td>
</tr>
</tbody>
</table>

For more details on changes in the calculation methodology, see the beginning of the section “Responsible water use”.

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

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 Nevinnyomyskskaya 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.

The amount of waste generated by the Company does not equal 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.
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 14, 2022), were sent by the Company not for landfilling, but for disposal.

**Waste generation and management in 2022**

![Waste generation, %](chart1)

![Diverted from disposal, %](chart2)

**Directed to disposal, %**

![Directed to disposal, %](chart3)

**Storage, %**

![Storage, %](chart4)

**What is the difference between landfilling, disposal and neutralization?**

Waste recovery – use of waste for the production of goods (products), performance of works, provision of services, including the reuse of waste, excluding 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) 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 and 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.

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.

**KPIs for 2022**

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

**Waste management initiatives and introduction of the circular economy approach**

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 deconstructed 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.

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 resources” and the development of an appropriate legal framework for regulation. The possibility of involving glass, bricks, 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.

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’.

New 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 t.h.s 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. 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.

Radioactive Waste Management

Some of 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 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

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>RW generated</td>
<td>12.5 m³ (12.11 tons)</td>
<td>14.5 m³ (15.79 tons)</td>
<td>17.0 m³ (20.76 tons)</td>
<td>12.0 m³ (16.77 tons)</td>
<td>0</td>
</tr>
<tr>
<td>RW removed</td>
<td>12.5 m³ (12.11 tons)</td>
<td>14.5 m³ (15.79 tons)</td>
<td>17.0 m³ (20.76 tons)</td>
<td>17.0 m³ (17.0 m³)</td>
<td>0</td>
</tr>
<tr>
<td>Storage of RW in a temporary storage facility</td>
<td>0</td>
<td>0</td>
<td>3.5 m³ (6.65 tons)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### 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.

### Auxiliary resources consumption table

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing the filter material on exchange filters</td>
<td>12.5 m³ (12.11 tons)</td>
<td>14.5 m³ (15.79 tons)</td>
<td>17.0 m³ (20.76 tons)</td>
<td>12.0 m³ (16.77 tons)</td>
</tr>
</tbody>
</table>

Climate and environment protection

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).

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.

7% savings in sulfuric acid of its annual needs for the regeneration of the cation exchanger

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.

Our commitments in this area are set out in the Environmental policy and 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.

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.

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 “Life on land”.

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

General parameters used in the evaluation are as follows

- Water intake for process needs
- Discharge of pollutants
- Methods for organizing waste accumulation places
- Emissions from generation equipment
- Methods of maintenance and operation of fuel oil facilities and other high-risk facilities in compliance with the requirements of industrial and environmental safety
- Compliance with the established standards for the withdrawal of water resources ensures a favorable environment in the water body
- Non-exceeding the established impact standards contributes to the sustainability of natural ecological water systems
- Reducing the volume of unorganized waste reduces the possible impact on birds and wild animals
- Compliance with emission standards ensures the maintenance of a vital component of the environment for the plants and animals – atmospheric air
- 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 mitigate 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”).
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.

**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.

**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.

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”.

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.
Social responsibility of business

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

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

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

Creating an environment for development and cooperation

Recognizing and respecting the uniqueness of the individual
Employees management, development & motivation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Results 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing a diversity and inclusion culture in the Company, supporting employee health and well-being</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Climate survey</td>
<td>63</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Engagement level assessment</td>
<td>N/A</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Women in management</td>
<td>23.0</td>
<td>23.5</td>
<td></td>
</tr>
<tr>
<td>Training hours minimum guaranteed</td>
<td>70</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Number of managers involved in internal training and development activities</td>
<td>10</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Assessment and feedback process</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Share of high-potential employees involved in additional training and development programs, including cross-functional initiatives</td>
<td>20</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Personnel Succession Planning for key management positions</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

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.

For the legend and basic notations used in the Plan, see the “Sustainability aspects governance” subsection.

MATERIAL TOPIC

Employees management, development & 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.

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.

GRI 3-3

For the legend and basic notations used in the Plan, see the “Sustainability aspects governance” subsection.

Diversity and Inclusion Policy

Human Rights 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.

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

Effective personnel management

People we work with
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:

- 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.
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.

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.

Feedback from employees at all levels is important to us.

We are introducing tools for an objective assessment of the performance of employees, the digital skills of employees.

We create opportunities for the formation of new individual and managerial competences, develop and we are also actively developing an initiative for internal mentoring among Company managers.

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.

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 #LiveSafety 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

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.

### Headcount dynamics at year-end,

<table>
<thead>
<tr>
<th>Persons</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2,496</td>
<td>2,406</td>
<td>1,426</td>
<td>1,411</td>
<td>1,461</td>
</tr>
</tbody>
</table>

### Number of employees by power plants and legal entities, %

- GRES
- NGRES
- HO
- SUGRES
- AWPP
- KWPP

- 26.5
- 26.5
- 25.5
- 6.6
- 0.3

### 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 ELS-Energo PJSC that demonstrates the diversity of our personnel and allows us to build a management system more efficiently.

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 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 Stretchnoye GRES.
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.

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.
Diversity and inclusion

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.

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.

Top management in our Company accounts for 16% of the total number of employees. This includes employees of CEO-1 category.

Efficiency and social partnership

Labor productivity

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.

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.

Social partnership

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.
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, %**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Member of trade union</th>
<th>Not member of trade union</th>
</tr>
</thead>
<tbody>
<tr>
<td>KGRES</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>NGRES</td>
<td>99</td>
<td>1</td>
</tr>
<tr>
<td>SUGRES</td>
<td>89</td>
<td>11</td>
</tr>
<tr>
<td>HQ</td>
<td>14</td>
<td>86</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Company Level</th>
<th>Region Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWPP (Rostov region)</td>
<td>250.5</td>
<td>43.4</td>
</tr>
<tr>
<td>IAAPP (Murmansk region)</td>
<td>269.7</td>
<td>76.6</td>
</tr>
<tr>
<td>KGRES (Tver region)</td>
<td>226.0</td>
<td>101.7</td>
</tr>
<tr>
<td>NGRES (Stavropol territory)</td>
<td>42.6</td>
<td>90.1</td>
</tr>
<tr>
<td>SUGRES (Sverdlovsk region)</td>
<td>103.3</td>
<td>33.5</td>
</tr>
<tr>
<td>HQ (Moscow)</td>
<td>117.8</td>
<td>257.1</td>
</tr>
</tbody>
</table>

**Motivation and remuneration**

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).
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.

### Remuneration System

- **Fixed part**
  - Bonus for the results of the performance over the month
  - Bonus for the results of the performance over the year
  - Bonus for the results of the performance for 3 years
  - Additional bonus for special achievements

- **Variable part**
  - Bonus for the results of the performance over the month
  - Bonus for the results of the performance over the year
  - Bonus for the results of the performance for 3 years
  - Additional bonus for special achievements

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 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.

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Manager</th>
<th>Head</th>
<th>Specialist</th>
<th>Worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>KGRES</td>
<td>0.99</td>
<td>0.88</td>
<td>0.83</td>
<td>0.75</td>
</tr>
<tr>
<td>MGRES</td>
<td>0.87</td>
<td>0.83</td>
<td>0.75</td>
<td>0.67</td>
</tr>
<tr>
<td>HQ</td>
<td>0.73</td>
<td>0.80</td>
<td>0.72</td>
<td>0.78</td>
</tr>
</tbody>
</table>

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.
Personnel turnover and recruitment

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.

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 our 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).
Newly hired employees by gender in 2020–2022, persons

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>48</td>
<td>20</td>
</tr>
<tr>
<td>2021</td>
<td>54</td>
<td>28</td>
</tr>
<tr>
<td>2020</td>
<td>68</td>
<td>32</td>
</tr>
</tbody>
</table>

Newly hired employees by age in 2020–2022, persons

<table>
<thead>
<tr>
<th>Year</th>
<th>Under 30 years</th>
<th>From 30 to 50 years</th>
<th>50 years and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>41</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>2021</td>
<td>24</td>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>2020</td>
<td>25</td>
<td>47</td>
<td>10</td>
</tr>
</tbody>
</table>

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**

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.

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**

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.

![Graph showing training activities and investment in employees training](image_url)
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

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 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.

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 on average for the Company, man/hours**

<table>
<thead>
<tr>
<th>Year</th>
<th>Training Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>48</td>
</tr>
<tr>
<td>2019</td>
<td>64</td>
</tr>
<tr>
<td>2020</td>
<td>54</td>
</tr>
<tr>
<td>2021</td>
<td>96</td>
</tr>
<tr>
<td>2022</td>
<td>76</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Managers</th>
<th>Heads</th>
<th>Specialists</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>58.2</td>
<td>73.3</td>
<td>70.8</td>
<td>84.4</td>
</tr>
<tr>
<td>2021</td>
<td>131.3</td>
<td>169.7</td>
<td>108.0</td>
<td>71.5</td>
</tr>
<tr>
<td>2020</td>
<td>15.2</td>
<td>64.7</td>
<td>43.3</td>
<td>61.9</td>
</tr>
<tr>
<td>2019</td>
<td>105.8</td>
<td>65.3</td>
<td>49.4</td>
<td>73.6</td>
</tr>
<tr>
<td>2018</td>
<td>172.9</td>
<td>45.6</td>
<td>36.2</td>
<td>57.1</td>
</tr>
</tbody>
</table>

Training breakdown by areas, %

- Language training: 0.1%
- Professional training: 10.9%
- Environment training: 2.6%
- Occupational health training: 47.5%
- Anti-corruption training: 2.0%
- Human rights training: 0.6%
- Skills training: 5.9%
- Digital training: 4.5%
- Other training: 2.2%

Personal development of employees

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).

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

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.
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.

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:
- Innovation
- Responsibility
- Trust
- Proactivity

Due to the shutdown of some foreign IT systems in 2022, the Assessment 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
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 intern 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.

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.

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 safety 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 within the framework of the #LiveSafely project in 2022.

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 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.

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: screen savers, posters, quiz, “Culture of Communication with People with Disabilities” booklet and more.

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.

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, experiences and development prospects. Also, inclusion refers to the conditions in which everyone is given equal opportunities to participate in the success of the Company.

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 were qualified as an internal trainer (undergoing special training). This approach became a good continuation of the #LiveSafely project.

In 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.
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.

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.

Employee 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.

**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 tick 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.

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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.
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 for children’s health camps. 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.

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 in 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

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 held in the adventure park “Between Earth and Sky” with eight tracks of different difficulty levels for guests of all ages.

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).
Health and safety

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 | Proactive level | 
Contractor health and safety compliance inspections | N/A | At least 3 | 

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 Integrated 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

Occupational health and safety management

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

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For more details, see the “Integrated management system” section

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

Stop Work Policy

Other regulatory documents that can be found on the Company’s website

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
Health and safety management structure

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.

91.2% of the HSEQ goals set and approved as part of the IMS for 2022 have been achieved. Health and safety issues are also connected with the key performance indicators (KPIs) of both managers and employees of the Company.

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.

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

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, see the "Integrated management system" section.

For more details, see the "Integrated management system" section.
Risk assessment and occupational injury reduction

Occupational health and safety risk management

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”.

Risk assessment process

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.

<table>
<thead>
<tr>
<th>Level of risk is unacceptable</th>
<th>Level of risk is acceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination of the scope and type of work(s)</td>
<td></td>
</tr>
<tr>
<td>Initial analysis (gathering information on the work)</td>
<td></td>
</tr>
<tr>
<td>Hazard identification</td>
<td></td>
</tr>
<tr>
<td>Definition of standard risk management measures</td>
<td></td>
</tr>
<tr>
<td>Determining the probability of an event occurring</td>
<td></td>
</tr>
<tr>
<td>Determining the severity of the event</td>
<td></td>
</tr>
<tr>
<td>Determining the risk level</td>
<td></td>
</tr>
</tbody>
</table>

Occupational safety risk matrix

<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>Negligible</td>
</tr>
<tr>
<td>2</td>
<td>Minor</td>
</tr>
<tr>
<td>3</td>
<td>Moderate</td>
</tr>
<tr>
<td>4</td>
<td>Major</td>
</tr>
<tr>
<td>5</td>
<td>Catastrophic</td>
</tr>
</tbody>
</table>

Hierarchy for defining standard and additional management measures to reduce the level of operational risks

1. Prevention of hazard with the help of control measures: delimiting hazard, removal of an employee from the hazardous zone or reduction of time spent in the hazardous zone
2. Installation of protective devices, fences, emergency switches, etc.
3. Ensuring proper supervision: Additional training, briefing, and providing information
4. Introduction of permits to work, special rules, and regulations for hazard control
5. Exclusion of risk by replacing a process, activity or substance with a less hazardous one
6. Ensuring availability of personal protection equipment (as the “last recourse” and in addition to the control measures specified above)
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.

As the main statistical indicator, we use combined indices that include accidents involving both Company employees and employees of contractors during the reporting period.

<table>
<thead>
<tr>
<th>Incident Type</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>0.23</td>
<td>0.16</td>
<td>0.23</td>
<td>0.16</td>
<td>0</td>
</tr>
<tr>
<td>Contractors</td>
<td>0.15</td>
<td>0.56</td>
<td>0.23</td>
<td>0.16</td>
<td>0</td>
</tr>
</tbody>
</table>

Accident frequency rate and number of accidents by employees and contractors

In addition, we also keep record of Injury Frequency Rate and Lost Time Injury Frequency Rate (LTIFR) which is calculated according to the formula:

\[
LTIFR = \frac{xacc \times 1,000,000}{Y \text{ hours}}
\]

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.

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 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.

Occupational injuries reduction

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.

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.

Health care of employees

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.
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 Pools 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 maintenance 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.

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.

Safety culture development

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.
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;
- 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 aims to provide additional training to employees, focusing on their involvement in the identifying risks in the workplace.

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.

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.

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.

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.

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.

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.
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.

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 Hunting” 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.

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.

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.

For more details on the research and launch of the project, see the Sustainability report 2021 (p.241 “Selected projects”).

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.

>1.4

ths of employees were trained according to the “Risk Hunting” methodology

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.

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.

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

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

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’s 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.
## Our work with local communities

### Engaging the local community

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG-linked support to communities</td>
<td>123.3</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>number of beneficiaries, ths of people, at least 123.3 75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch of a revised program of employee involvement in corporate volunteering projects</td>
<td>Program development</td>
<td>Program launch</td>
<td></td>
</tr>
<tr>
<td>% of involved employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of local social partners’ involvement in the Community Support &amp; Development program by 20%</td>
<td>25</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>applications per year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of employee participation in the Community Support &amp; Development program by 50%</td>
<td>3</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>applications per year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Managing interaction with local communities

#### 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

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.
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.
- ELS-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.

Evaluation of the Company’s impact on the local communities

ELS-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;
- promoting economic development through partnerships with suppliers and contractors;
- 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.

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 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.

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.
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.

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

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, %

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.
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

Program formation

Approval of the program by the General Director

Collecting and analysis of requests

Collecting of reporting documents and preparation of reports

Implementation of the program

Communication on the program contents to the Board of Directors

Performance evaluation

Approval or the update of the approach for the reporting period

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 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.

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 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 official 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.

The main directions of projects

<table>
<thead>
<tr>
<th>Health</th>
<th>Purchase of medical and sports equipment, repair of sports facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Repair and purchase of equipment for educational institutions, payment of scholarships to the best students and professors</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>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</td>
</tr>
<tr>
<td>Development of cities and settlements</td>
<td>Implementation of infrastructure projects in the territories of the Company’s presence</td>
</tr>
</tbody>
</table>

SDG 3  SDG 4  SDG 5  SDG 7  SDG 9  SDG 11

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.
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 ELS-Energo PJSC, i.e. its power plants, and those owned by companies that are 100% subsidiaries of ELS-Energo PJSC.

### Contribution to the development of the regions of presence

As of December 31, 2022, 84% of design capacity was put into commercial operation – 170.4 MW.

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.

#### Regions of Company presence

- **Azov region**: 79.3 thousand persons
  - Azov District
- **Stavropol territory**: 115 thousand persons
  - Nevinnomyssk
- **Rostov region**: 98.3 thousand persons
  - Azov District
- **Murmansk region**: 40.2 thousand persons
  - Kola District
- **Sverdlovsk region**: 23.8 thousand persons
  - Sredneuralsk
- **Tver region**: 36 thousand persons
  - Konakovo

#### Socio-economic cooperation

- **Azov district includes 99 villages within 18 rural settlements**
  - Kola district includes 34 villages within 6 urban and 5 rural settlements
  - 26 pre-schools
  - 31 general education institutions
  - 7 institutions of additional education
  - 2 medical institutions
  - 34 pre-schools
  - 16 general education institutions
  - 1 social psychology and medicine center
  - 7 institutions of additional education
  - 16 medical institutions

#### Academic cooperation

- **Murmansk State Technical University (Federal State Independent Educational Institution of Higher Education MSTU)**
  - Konakovo Energy College (a branch of Moscow Energy Institute in Konakovo)
  - Nevinnomyssk Energy College
  - 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

- **Health**: 4 projects implemented
  - 1 project
  - 2 projects
  - 0.51 thousand direct beneficiaries

- **Education**: 7 projects implemented
  - 1 project
  - 2 projects
  - 1.11 thousand direct beneficiaries

- **Energy efficiency**: 21 projects implemented
  - 6 projects
  - 2 projects
  - 31.6 thousand direct beneficiaries

- **Development of cities and settlements**: 17 projects implemented
  - 1 project
  - 11 projects
  - 45.6 thousand direct beneficiaries

- **Regions where ELS-Energo PJSC and its subsidiaries have production facilities and wind power plants under construction**

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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.

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For more details, see the "About the Company" section.
**Selected projects 2022**

**Sverdlovsk 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.

**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.

**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.
Efficient governance

Acting proactively, developing sustainable energy

- 120 issues were considered by the Board of Directors
- 0 cases of violations of anti-corruption legislation and the Code of Ethics
- 99.3% share of Russian companies among our suppliers

More information p. 183
More information p. 201
More information p. 229
Corporate governance structure

Sound governance and fair corporate conduct

Activity
Compliance with the Profile (Target Model) of the Board of Directors
Induction Plan – structured induction program for newly elected directors
Compliance with the Corporate Governance Code (CGC)

Result 2022
Profile of the Board of Directors was approved
Induction Plan – structured induction program for newly elected directors
Full compliance with 85% of recommendations of the Corporate Governance Code (CGC)

Target 2023
Are co-cooperating with the Board of Directors while constructing the Profile of the Board of Directors
Induction Plan – structured induction program for newly elected directors
Full compliance with 85% of recommendations of the Corporate Governance Code (CGC)

UN SDG

Management approach

Regulatory documents

Internal documents
- Charter of ELS-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 on 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

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.
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 list of RUCGI, leaders in corporate governance.

Dynamics of implementation of recommendations of the Corporate Governance Code in 2018–2022, %

<table>
<thead>
<tr>
<th>Year</th>
<th>Complied</th>
<th>Partially complied</th>
<th>Not complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>70</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>2021</td>
<td>74</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>2020</td>
<td>77</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>2019</td>
<td>77</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>2018</td>
<td>74</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

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. 06-52/463 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.

The Company’s governance bodies

ELS-Energo PJSC is managed by the General Shareholders’ Meeting, the Board of Directors, and the Executive Board.

Corporate governance and risk management system

The corporate governance system of ELS-Energo PJSC is the foundation for the Company to build trust in relations with external and internal stakeholders and to help with strengthening the Company’s long-term stability and reliability.

Is built in accordance with the requirements of the laws of the Russian Federation and the Listing Rules of Moscow Stock Exchange PJSC (MOEX).

Focuses on the best national practices.

Follows the recommendations of the Corporate Governance Code recommended by the Bank of Russia.

Corporate governance in the Company

The National Corporate Governance Index: information disclosure 2022

Internal Audit Department

Audit and Corporate Governance Committee

Corporate Secretary

Strategy and ESG Committee

Auditor

Election

General Shareholders’ Meeting

HR and Remuneration Committee

Board of Directors

Appointment to the position of the Head

Appointment of the director

Recommendations and reports

Electra

Reporting

Risk Committee

General Director

Executive Board

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.

1 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.
- 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.
- 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» – abbreviated name;»;
- 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

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.

Process of electing 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).

A shareholder(s) who owns at least 2% of the Company’s shares shall be entitled to include additional candidates in the list of candidates.

Proposal for the candidate nomination

Board of Directors

Adding candidates to the list

Recommendations to the Board of Directors on assessing candidates, assessing the independence of candidates

HR and Remuneration Committee

Recommendations to the Board of Directors on assessing candidates, assessing the independence of candidates

Board of Directors

Recommendations to the General Shareholders’ Meeting on assessing candidates, assessing the independence of candidates

General Shareholders’ Meeting

Election of the Board of Directors

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.
In 2022 the Profile of the Board of Directors was approved.

**Composition of the Board of Directors**

The quantitative composition of the Company’s Board of Directors is determined in the amount of 11 persons.

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.

**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 provides 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.
Age composition

- 30–45: 6
- 46–55: 3
- 56–65: 1
- 66–70: 1

Gender composition

- Men: 8
- Women: 3

Conflicts of interests prevention

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, 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

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 absentia.

A significant part of the issues submitted to 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.

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 08, 2021 can be found in the Company’s Annual report 2021.
2. The issuer’s report is disclosed in Russian only.
Board of Directors Committees

The Company’s 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.

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 whom are non-executive directors and one is an executive director.
The Chairman is a non-executive director.

Board of Directors performance review

Self-assessment of the quality 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.

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 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.

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.

2 More details about the Corporate Secretary, see the "Corporate governance" section of the Annual report.
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

<table>
<thead>
<tr>
<th>From 01.01.2022 to 27.04.2022</th>
<th>From 27.04.2022 to 01.05.2022</th>
<th>From 01.05.2022 to 26.07.2022</th>
<th>From 26.07.2022 to 09.12.2022</th>
<th>After 09.12.2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stephane Maurice Zweguintzow (the Chairman)</td>
<td>1. Zhanra Ignorvna Sedova (the Chairman)</td>
<td>1. Zhanna Igorevna Sedova (the Chairman)</td>
<td>1. Zhanna Igorevna Sedova (the Chairman)</td>
<td>1. Alibek Aibekovich Tnalin (the Chairman)</td>
</tr>
</tbody>
</table>

Executive Board composition

The Key Managers of the Company in 2022

- Tnalin Alibek Aibekovich: General Director
- Kosmenyuk Oleg Nikolayevich: Deputy General Director – Head of Administration, Finance and Control
- Leonova Nina Vasilievna: Deputy General Director – Head of Legal and Corporate Affairs
- Leonova Nina Vasilievna: Deputy General Director – Head of Administration, Finance and Control
- Leonova Nina Vasilievna: Deputy General Director – Head of Legal and Corporate Affairs
- Leonova Nina Vasilievna: Deputy General Director – Head of Legal and Corporate Affairs
- Leonova Nina Vasilievna: Deputy General Director – Head of Legal and Corporate Affairs
- Leonova Nina Vasilievna: Deputy General Director – Head of Security
- Rachkin Sergey Vladimirovich: Deputy General Director – Head of Security

Analysis of the Executive Board as of December 31, 2022

Executive Board members tenure

- Less than 1 year: 2
- From 1 year to 3 years: 4
- More than 7 years: 1
- 4–6 years: 2
- 6–10 years: 2
- 10–15 years: 1

Composition by age

- Male: 5
- Female: 2

Composition by gender

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.45-energy.ru/en](https://www.45-energy.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.
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.

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.

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 contain the use of any 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.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Remuneration</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>44,787.26</td>
<td>2,607.48</td>
</tr>
<tr>
<td>2021</td>
<td>37,940.97</td>
<td>3,607.44</td>
</tr>
<tr>
<td>2020</td>
<td>68,162.00</td>
<td>6,048.46</td>
</tr>
<tr>
<td>2019</td>
<td>33,935.96</td>
<td>5,086.21</td>
</tr>
<tr>
<td>2018</td>
<td>33,935.96</td>
<td>5,086.21</td>
</tr>
</tbody>
</table>

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 remuneration policy for the Board of Directors members in 2022, see the “Corporate governance” section of the Annual report

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

For more details on the remuneration policy for the Board of Directors members in 2022, see the “Corporate governance” section of the Annual report

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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 members of executive bodies and other key executives (henceforth referred to as the “key executives”) complies the requirements of the Corporate Governance Code.

The remuneration system for the Company’s key executives is designed to achieve an appropriate balance linking the amount of remuneration with the Company’s performance and personal contribution each key executive’s personal contribution to that result.

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.

When calculating the variable part of the remuneration, sustainability criteria are also taken into account, e.g., related for example to environmental issues, achievement of 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, the 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.

The ratio of the parts of remuneration in determination of the basic part of remuneration:

- Fixed part of remuneration (salary): 50–65%
- Long-term variable part of remuneration: 20–35%
- Bonus for the results of the Company’s performance over a three-year period: 15–20%

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.

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.

Total amount of all payments to the Executive Board members, RUB ths

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>115,150.16</td>
<td>126,357.18</td>
<td>93,938.34</td>
<td>133,698.23</td>
<td></td>
</tr>
</tbody>
</table>

For more details on the KPIs of the key executives subject to using these forms of motivation, see the Appendix to the Annual Report.

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

Risk Governance and Internal Control System description

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 Governance and Internal 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 ELS-Energo PJSC Audit and Corporate Governance Committee of ELS-Energo PJSC

Independent from business units and risk owners

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
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.

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.

### 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.

<table>
<thead>
<tr>
<th>Risk categories</th>
<th>Risk groups</th>
<th>Risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC</td>
<td>Climate</td>
<td>Impact of extreme natural phenomena associated with the climate change</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ignoring the environmental compliance regulations leading to an outflow of investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impact of non-compliance with the climate change legislation</td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>Talent retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HR development programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruiting</td>
</tr>
<tr>
<td></td>
<td>Health and Safety</td>
<td>Impact of accidents on the sustainability of the Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impact of coronavirus infection (COVID-19) on the sustainability of the Company</td>
</tr>
<tr>
<td>OPERATIONAL</td>
<td>Technical, industrial, and environmental</td>
<td>Impact of emergency shutdowns on the main activity of the Company – power generation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-compliance with the environmental regulations and accidental pollution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Resource use and waste management</td>
</tr>
<tr>
<td></td>
<td>Project/investment</td>
<td>Impact on the budget</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investment project duration/terms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality of the equipment and service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Land ownership and land use</td>
</tr>
<tr>
<td>DIGITAL TECHNOLOGIES</td>
<td>Information security</td>
<td>Impact of failures in the information system on the daily activities of the Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loss of personal and confidential data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No access to the technical and banking systems, as well as to the general data system</td>
</tr>
<tr>
<td>COMPLIANCE</td>
<td>Social</td>
<td>Violations of human rights, rejection of Company’s values</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interaction with stakeholders (local communities)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operational impact on communities</td>
</tr>
<tr>
<td>MANAGEMENT AND CORPORATE CULTURE</td>
<td>Reputational</td>
<td>Loss of goodwill and incurring losses due to unfavorable perception of the Company’s reputation through traditional media and social networks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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</td>
</tr>
</tbody>
</table>

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.
Anti-corruption and ethical business conduct

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

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 ELS-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

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.
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.

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.

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

Corruption risks assessment

To identify and analyze the corruption risks of ELS-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

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.
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.

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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.
Respect for human rights

Sound governance and fair corporate conduct

<table>
<thead>
<tr>
<th>Activity</th>
<th>Result 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relaunch of the human rights assessment procedure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human rights training for employees</td>
<td>17.45%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regulatory 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

Management approach

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.

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.
Our human rights principles

Our corporate practices are based on 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

**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.

**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.

**Compliance with occupational health and safety requirements**
The Company implements a variety of measures to ensure safe working conditions for the Company’s employees and contractors. In 2022, there were zero accidents among employees and contractors.

**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.

**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.

**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 the ongoing production activities of the Company.

**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.

**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.

Training and dissemination of the human rights culture

We constantly remind our employees about the importance of respecting human rights and encourage them to improve their legal, cultural and ethical standards.

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 need employees of different ages”, “Gender stereotypes: modern communication ethics”, 17.4% 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, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>20.09</td>
<td>28.12</td>
<td>2.76</td>
<td>17.45</td>
</tr>
</tbody>
</table>

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.

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
- E-mail: audit.coe@ELS-energo.ru
- Postal address: 115093, Russian Federation, Moscow, Pavlovskaya str, 7, bld. 1, ELS-Energo PJSC, Internal Audit Department

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.

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

<table>
<thead>
<tr>
<th>Business process</th>
<th>Category</th>
<th>Risks</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td></td>
<td>Human rights violations against the Company employees (or) by the Company employees</td>
<td>Current Human Rights Policy applicable to all the Company’s employees unless otherwise required by law.</td>
</tr>
<tr>
<td>Procurement</td>
<td></td>
<td>Human rights violations by suppliers of goods, works and services</td>
<td>Assessment of human rights compliance at the procurement stage of service providers, including recruitment agencies.</td>
</tr>
<tr>
<td>Health and safety</td>
<td></td>
<td>Non-compliance with health and safety requirements by the employees of contractors and subcontractors</td>
<td>Commitment to the main principle in health and safety: “Zero accidents”.</td>
</tr>
<tr>
<td>Internal audit</td>
<td></td>
<td>Inability or fear of employees to anonymously report an incident in human rights violations</td>
<td>Availability of communication channels for reporting (including anonymous) on potential human rights violations.</td>
</tr>
<tr>
<td>Business development</td>
<td></td>
<td>Human rights risks related to the Company’s activities in the regions of its presence (e.g. environmental impact)</td>
<td>Preliminary assessment of the human rights situation in the territory of the Company’s potential projects.</td>
</tr>
<tr>
<td>Interaction with the local community</td>
<td></td>
<td>Forced relocation of local residents associated with the construction of the Company’s facilities</td>
<td>Regular monitoring of economic, social, and environmental impact of the Company’s activities in the local community.</td>
</tr>
</tbody>
</table>

For more details, see the “Sustainable supply chain development” section.
Internal assessment results and plans for further development in field of human rights

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 and digital transformation

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,

- 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 the Company adhere to the vector of applying cutting-edge information technologies.
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.

In 2022, a new priority was also formed which is a gradual replacement of foreign equipment and software.

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 were also improved based on the operation and management mode of this power plant.

### 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)
- Relocation 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**

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The IT service monitoring system was expanded to the infrastructure facilities of the new power plant, and the notification mechanisms and incidents handling mechanisms were also improved based on the operation and management mode of this power plant.
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.

Increasing knowledge and skills in the field of information technologies

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.

- 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.

Information security

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, ELS-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.

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.
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.

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Tax transparency

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.

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.

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, 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.

Tasks of the tax risk monitoring system

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.

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).

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.

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.

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 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.

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.

Effective governance
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 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 other violations of the Code of Ethics through internal communication channels.

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.
Stakeholders management

We have an active dialogue with our stakeholders on issues related to Company’s tax activities.

- 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 starting from 2022 (according to the decision of IIFTS No. 1) that corresponds to the principle of cooperation and transparency of the Company when interacting with the tax authorities,
- 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,
- 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.

Information about taxes paid

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.

Sustainable supply chain development

Sustainable supply chain

Activity

<table>
<thead>
<tr>
<th>Small and medium-sized enterprises, including subcontracted SMEs costs as a percentage of total procurement budget (%)</th>
<th>Result 2022</th>
<th>Target 2023</th>
<th>UN SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application of the Sustainability Criteria in supplier qualification</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

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

Regulatory documents

<table>
<thead>
<tr>
<th>Internal documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Policy</td>
</tr>
<tr>
<td>Subcontracting Policy</td>
</tr>
<tr>
<td>Regulation “Suppliers Performance Management”</td>
</tr>
<tr>
<td>Regulation “Supplier Qualification”</td>
</tr>
<tr>
<td>“Procurement and Management of Consultation Services” Regulation and “Procurement and Management of Consultation and Professional Services in Government Relations, Business”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Code of the Russian Federation</td>
</tr>
</tbody>
</table>

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.
The Company cooperates with the suppliers in strict compliance with the current legislation of the Russian Federation, while maintaining high standards of sustainability. ELS-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).

**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.

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.

**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 platform has allowed EL5-Energo PJSC to expand the range of potential bidders of 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.

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.

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.

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

The qualification process is a mandatory step in our interaction with potential suppliers.

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.
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/selction 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.

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.

Supplier environmental assessment process

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.

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.

Merchandise groups contracted by risk level

316 supplier qualifications were conducted in 2022
364 contracts with 165 suppliers were concluded, each qualified in 2022
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 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.

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%).

Objectives for 2023

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 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%.

The most priority categories of supplies are rolled metal products, pipeline parts, valves and heating surfaces.
Annexes
## Annex 1. GRI content index and other standards

### GRI Standards

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<tr>
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<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
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<tbody>
<tr>
<td><strong>GRI 2: THE ORGANIZATION AND ITS ACCOUNTING PRACTICES</strong></td>
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<tr>
<td>2-1</td>
<td>Organizational details</td>
<td>○ About the Company, p. 18 ○ Reporting principles, p. 06</td>
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<tr>
<td>2-2</td>
<td>Entities included in the organization’s sustainability reporting</td>
<td>○ Report boundaries, p. 07 ○ Organizational structure of ELS-Energo PJSC, p. 18</td>
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<tr>
<td>2-3</td>
<td>Reporting period, frequency and contacts</td>
<td>○ Reporting principles, p. 06 ○ Contacts and feedback, p. 12</td>
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<tr>
<td>2-4</td>
<td>Restatements of information</td>
<td>○ 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.</td>
<td></td>
</tr>
<tr>
<td>2-5</td>
<td>External assurance</td>
<td>The Company does not carry out external assurance of the Report. Quality control is performed by the data holders.</td>
<td></td>
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<tr>
<td><strong>GRI 2: ACTIVITIES OF THE COMPANY AND ITS EMPLOYEES</strong></td>
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<tr>
<td>2-6</td>
<td>Activities, value chain and other business relationships</td>
<td>○ Organizational structure of ELS-Energo PJSC, p. 18 ○ Business model, p. 28 ○ Our profile – energy, p. 30</td>
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<td>2-7</td>
<td>Employees</td>
<td>○ Personnel structure, p. 119</td>
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<tr>
<td>2-8</td>
<td>Workers who are not employees</td>
<td>○ 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.</td>
<td></td>
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<tr>
<td><strong>GRI 2: GOVERNANCE</strong></td>
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<td>2-9</td>
<td>Governance structure and composition</td>
<td>○ Corporate governance structure, p. 174 ○ The Board of Directors, p. 179</td>
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<td>2-10</td>
<td>Nomination and selection of the highest governance body</td>
<td>○ The Board of Directors, p. 179</td>
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<tr>
<td>2-11</td>
<td>Chair of the highest governance body</td>
<td>○ The Board of Directors, p. 179</td>
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<tr>
<td>2-12</td>
<td>Role of the highest governance body in overseeing the management of impacts</td>
<td>○ Role of the Company’s management in the sustainable development agenda, p. 188</td>
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</table>

### Disclosure Data location in the Report

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<th>Data location in the Report</th>
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<td>2-13</td>
<td>Delegation of responsibility for managing impacts</td>
<td>○ Role of the Company’s management in the sustainable development agenda, p. 188 ○ Sustainability management, p. 44</td>
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<tr>
<td>2-14</td>
<td>Role of the highest governance body in sustainability reporting</td>
<td>○ Role of the Company’s management in the sustainable development agenda, p. 188</td>
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<td>2-15</td>
<td>Conflicts of interest</td>
<td>○ The Board of Directors, p. 179</td>
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<td>2-16</td>
<td>Communication of critical concern</td>
<td>○ The Board of Directors, p. 179</td>
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<tr>
<td>2-17</td>
<td>Collective knowledge of the highest governance body</td>
<td>○ The Board of Directors, p. 179</td>
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<tr>
<td>2-18</td>
<td>Evaluation of the performance of the highest governance body</td>
<td>○ The Board of Directors, p. 179</td>
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<td>2-19</td>
<td>Remuneration policies</td>
<td>○ Remuneration, p. 188</td>
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<tr>
<td>2-20</td>
<td>Process to determine remuneration</td>
<td>○ Remuneration, p. 188</td>
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<tr>
<td>2-21</td>
<td>Annual total compensation ratio</td>
<td>○ Remuneration, p. 188</td>
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</table>

### GRI 2: STRATEGY, POLICIES AND PRACTICES

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<th>Data location in the Report</th>
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<tbody>
<tr>
<td>2-22</td>
<td>Statement on sustainable development strategy</td>
<td>○ Address to our readers, p. 02 ○ Sustainability management, p. 44</td>
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<tr>
<td>2-23</td>
<td>Policy commitments</td>
<td>○ Sustainability management, p. 44 ○ Anti-Corruption and ethical business conduct, p. 196 ○ Respect for human rights, p. 202</td>
<td></td>
</tr>
</tbody>
</table>
### Indicator: Compliance with laws and regulations

**Disclosure:** Compliance with laws and regulations

**Data location in the Report:** GRI content index

**Omission and explanation:** 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 Komarnovskaya GRES, which do not affect the safe operation of the power plant;
- violations of the operation rules for the energy units of Nevnymosysskaya 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.

### Membership associations

**Disclosure:** Membership associations

**Data location in the Report:** 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";

### Annexes

#### GRI 201: Economic Performance

**Indicator:** Direct economic value generated and distributed

**Disclosure:** Economic value, p. 38

**Data location in the Report:** Direct economic value generated and distributed

**Omission and explanation:** In 2021, the Company prepared its first climate report with partial disclosure of TCFD Standards.

**Indicator:** Financial implications and other risks and opportunities due to climate change

**Disclosure:** Climate agenda governance, p. 72

**Data location in the Report:** Climate agenda governance

**Omission and explanation:** The Company does not have any information on the wages of the workers who are not employees of the Company.

#### GRI 203: Indirect Economic Impacts

**Indicator:** Ratios of standard entry level wage by gender compared to local minimum wage

**Disclosure:** Efficiency and social partnership, p. 123

**Data location in the Report:** Efficiency and social partnership

**Omission and explanation:** 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.

#### GRI 204: Procurement Practices

**Indicator:** Proportion of spending on local suppliers

**Disclosure:** Support of local suppliers, p. 228

**Data location in the Report:** Support of local suppliers

**Omission and explanation:** Partially disclosed. 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 205: Anti-Corruption

**Indicator:** Operations assessed for risks related to corruption

**Disclosure:** Anti-corruption management, p. 197

**Data location in the Report:** Anti-corruption management

**Omission and explanation:** Partially disclosed. Information on the risks identified is not disclosed due to the sensitivity of the information.

**Indicator:** Communication and training about anti-corruption policies and procedures

**Disclosure:** Training and awareness of employees, p. 199

**Data location in the Report:** Training and awareness of employees

**Omission and explanation:** 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.

**Indicator:** Confirmed incidents of corruption and actions taken

**Disclosure:** Hotline and reports received, p. 200

**Data location in the Report:** Hotline and reports received

**Omission and explanation:**
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
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</thead>
<tbody>
<tr>
<td>GRI 206: ANTI-COMPETITIVE BEHAVIOR</td>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td>
<td>Hotline and reports received, p. 200</td>
<td></td>
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<tr>
<td>GRI 207: TAX</td>
<td>Approach to tax</td>
<td>Tax strategy, p. 216</td>
<td></td>
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<td></td>
<td>Tax governance, control, and risk management</td>
<td>Stakeholder engagement, p. 52</td>
<td></td>
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<tr>
<td></td>
<td>Stakeholder engagement and management of concerns related to tax</td>
<td>Compliance with tax legislation, p. 218</td>
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<tr>
<td></td>
<td>Country-by-country reporting</td>
<td>Information about taxes paid, p. 220</td>
<td>Tax information is disclosed in the ESG databook on the Company’s website.</td>
</tr>
<tr>
<td>GRI 301: MATERIALS</td>
<td>Materials used by weight or volume</td>
<td>GR1 content index</td>
<td>Information on the materials used is disclosed in the ESG databook on the Company’s website.</td>
</tr>
<tr>
<td></td>
<td>Recycled input materials used</td>
<td>GR1 content index</td>
<td>The Company does not use any primary materials being recycled or reused waste.</td>
</tr>
<tr>
<td></td>
<td>Reclaimed products and their packaging materials</td>
<td>GR1 content index</td>
<td>Not applicable to the Company’s activities.</td>
</tr>
<tr>
<td>GRI 302: ENERGY</td>
<td>Energy consumption within the organization</td>
<td>Energy efficiency, p. 84</td>
<td>Data on fuel consumption for production activities and BoP consumption, including electric and heat consumption as well as fuel, are presented separately.</td>
</tr>
<tr>
<td></td>
<td>Energy consumption outside the organization</td>
<td>GR1 content index</td>
<td>Total amount of the energy consumption outside the Company is not disclosed, as the Company does not keep records of this type.</td>
</tr>
<tr>
<td></td>
<td>Energy intensity</td>
<td>Energy efficiency, p. 84</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Reduction of energy consumption</td>
<td>Energy efficiency, p. 84</td>
<td>Calculation includes electricity and heat power as well as fuel consumption within the Company.</td>
</tr>
<tr>
<td></td>
<td>Reductions in energy requirements of products and services</td>
<td>GR1 content index</td>
<td>Not applicable to the Company’s activities.</td>
</tr>
<tr>
<td>GRI 303: WATER AND EFFLUENTS</td>
<td>Interactions with water as a shared resource</td>
<td>Responsible water use, p. 96</td>
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<td></td>
<td>Management of water discharge-related impacts</td>
<td>Responsible water use, p. 96</td>
<td>GRI content index</td>
</tr>
<tr>
<td></td>
<td>Water withdrawal</td>
<td>Responsible water use, p. 96</td>
<td>GRI content index</td>
</tr>
<tr>
<td></td>
<td>Water discharge</td>
<td>Responsible water use, p. 96</td>
<td>GRI content index</td>
</tr>
<tr>
<td></td>
<td>Water consumption</td>
<td>Responsible water use, p. 96</td>
<td>GRI content index</td>
</tr>
<tr>
<td>GRI 304: BIODIVERSITY</td>
<td>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside the protected areas</td>
<td>Biodiversity and preservation of natural heritage, p. 108</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Significant impacts of activities, products, and services on biodiversity</td>
<td>Biodiversity and preservation of natural heritage, p. 108</td>
<td>Based on 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.</td>
</tr>
<tr>
<td></td>
<td>Habitats protected or restored</td>
<td>Biodiversity and preservation of natural heritage, p. 108</td>
<td>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.</td>
</tr>
<tr>
<td>Indicator</td>
<td>Disclosure</td>
<td>Data location in the Report</td>
<td>Omission and explanation</td>
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</tr>
<tr>
<td>305-1</td>
<td>GRI content index</td>
<td></td>
<td>Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the ESG databook on the Company’s website.</td>
</tr>
<tr>
<td>305-2</td>
<td>GRI content index</td>
<td></td>
<td>Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the ESG databook on the Company’s website.</td>
</tr>
<tr>
<td>305-3</td>
<td>GRI content index</td>
<td></td>
<td>Partially disclosed (in terms of emissions from air flights).</td>
</tr>
<tr>
<td>305-4</td>
<td>GRI content index</td>
<td></td>
<td>Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). The denominator is the unit of output - the sum of electricity and heat energy.</td>
</tr>
</tbody>
</table>

**GRI 305: EMISSIONS**

**Direct (Scope 1) GHG emissions**

305-1 | Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the ESG databook on the Company’s website. |

**Energy indirect (Scope 2) GHG emissions**

305-2 | Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). Information on GHG emissions is disclosed in the ESG databook on the Company’s website. |

**Other indirect (Scope 3) GHG emissions**

305-3 | Partially disclosed (in terms of emissions from air flights). |

**GHS emissions intensity**

305-4 | Calculation includes: CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrogen oxide), HFCs (hydrofluorocarbon), PFCs (perfluorinated organic compounds), SF₆ (sulphur (VI), N₂F₅ (nitrogen fluoride (III)). The denominator is the unit of output - the sum of electricity and heat energy. |
### GRI 402-1: LABOR/MANAGEMENT RELATIONS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>402-1</td>
<td>Minimum notice periods regarding operational changes</td>
<td>GRI content index</td>
<td>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.</td>
</tr>
</tbody>
</table>

### GRI 403: OCCUPATIONAL HEALTH AND SAFETY

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>403-1</td>
<td>Occupational health and safety management system</td>
<td>Occupational health and safety management, p. 145</td>
<td></td>
</tr>
<tr>
<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigations</td>
<td>Risk assessment and occupational injury reduction, p. 148</td>
<td></td>
</tr>
<tr>
<td>403-3</td>
<td>Occupational health services</td>
<td>Risk assessment and occupational injury reduction, p. 148</td>
<td></td>
</tr>
<tr>
<td>403-4</td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
<td>Safety culture development, p. 153</td>
<td></td>
</tr>
<tr>
<td>403-5</td>
<td>Worker training on occupational health and safety</td>
<td>Safety culture development, p. 153</td>
<td></td>
</tr>
<tr>
<td>403-6</td>
<td>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</td>
<td>GRI content index</td>
<td>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.</td>
</tr>
<tr>
<td>403-7</td>
<td>Workers covered by an occupational health and safety management system</td>
<td>Occupational health and safety management, p. 145</td>
<td></td>
</tr>
<tr>
<td>403-8</td>
<td>Work-related injuries</td>
<td>GRI content index</td>
<td>Information on the work-related injuries is disclosed in the ESG database on the Company's website.</td>
</tr>
<tr>
<td>403-9</td>
<td>Work-related ill health</td>
<td>Risk assessment and occupational injury reduction, p. 148</td>
<td>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 &quot;On a special assessment of working conditions&quot;, are disclosed on the Company's website. No cases of occupational diseases were identified during the reporting period.</td>
</tr>
</tbody>
</table>

### GRI 404: TRAINING AND EDUCATION

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>Talent attraction and development, p. 128</td>
<td>Information about employee training hours is disclosed in the ESG database on the Company's website.</td>
</tr>
<tr>
<td>404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>Talent attraction and development, p. 128</td>
<td></td>
</tr>
<tr>
<td>404-3</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>Talent attraction and development, p. 128</td>
<td></td>
</tr>
</tbody>
</table>

### GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>The Board of Directors, p. 179</td>
<td>Information on the number of employees is disclosed in the ESG database on the Company's website.</td>
</tr>
<tr>
<td>405-2</td>
<td>Ratio of basic salary and remuneration of women to men</td>
<td>Efficiency and social partnership, p. 123</td>
<td>The Company does not have any information on the wages of employees who are not employees of the Company.</td>
</tr>
</tbody>
</table>

### GRI 406: NON-DISCRIMINATION

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>406-1</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>GRI content index</td>
<td>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.</td>
</tr>
</tbody>
</table>

### GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>407-1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
<td>Supplier qualification, p. 225</td>
<td>There are no such units of the Company and suppliers.</td>
</tr>
</tbody>
</table>

### GRI 408: CHILD LABOR

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>408-1</td>
<td>Operations and suppliers at significant risk for incidents of child labor</td>
<td>Supplier qualification, p. 225</td>
<td>ELS-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.</td>
</tr>
</tbody>
</table>

### GRI 409: FORCED OR COMPULSORY LABOR

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Disclosure</th>
<th>Data location in the Report</th>
<th>Omission and explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
<td>GRI content index</td>
<td>ELS-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.</td>
</tr>
</tbody>
</table>
### GRI 410: SECURITY PRACTICES

**410-1** Security personnel trained in human rights policies or procedures  
- **Disclosure:** GRI content index  
- **Data location in the Report:** p. 52  
- **Omission and explanation:** 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 ELS-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  
- **Disclosure:** GRI content index  
- **Data location in the Report:** p. 157  
- **Omission and explanation:** 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  
- **Disclosure:** Evaluation of the Company’s impact on the local communities, p. 163  
- **Data location in the Report:** p. 52  
- **Omission and explanation:** 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 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.

**413-2** Operations with significant actual and potential negative impacts on local communities  
- **Disclosure:** Evaluation of the Company’s impact on the local communities, p. 163  
- **Data location in the Report:** p. 157  
- **Omission and explanation:** Critical event management.

### GRI 414: SUPPLIER SOCIAL ASSESSMENT

**414-1** New suppliers that were screened using social criteria  
- **Disclosure:** Supplier qualification, p. 225  
- **Data location in the Report:** p. 52  
- **Omission and explanation:** 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  
- **Disclosure:** GRI content index  
- **Data location in the Report:** p. 157  
- **Omission and explanation:** No negative social impacts in the supply chain were identified during the reporting period.

### GRI 415: PUBLIC POLICY

**415-1** Political contributions  
- **Disclosure:** GRI content index  
- **Data location in the Report:** p. 157  
- **Omission and explanation:** 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. ELS-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  
- **Disclosure:** GRI content index  
- **Data location in the Report:** Not applicable to the Company’s activities

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**SASB Standards**

**ELECTRIC UTILITIES & POWER GENERATORS**

- **IF-EU-110a.1.** Gross global Scope 1 emissions, percentage covered under (2) emissions limiting regulations, and (3) emissions-reporting regulations  
- **Data location in the Report:** p. 76  
- **Omission and explanation:** Greenhouse gas emissions.

- **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  
- **Data location in the Report:** p. 76  
- **Omission and explanation:** Climate strategy.

- **IF-EU-120a.1.** Air emissions of the following pollutants: (1) NOx (excluding N2O) (nitrogen oxides); (2) SOx (sulfur oxides), (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg), percentage of each in or near areas of dense population  
- **Data location in the Report:** p. 94  
- **Omission and explanation:** Pollutant emissions.

- **IF-EU-140a.1.** Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress  
- **Data location in the Report:** p. 94  
- **Omission and explanation:** Water withdrawn.

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**MARKETING AND LABELING**

- **417-1** Requirements for product and service information and labeling  
- **Data location in the Report:** Not applicable to the Company’s activities.

- **417-2** Incidents of non-compliance concerning product and service information and labeling  
- **Data location in the Report:** Not applicable to the Company’s activities.

- **417-3** Incidents of non-compliance concerning marketing communications  
- **Data location in the Report:** Not applicable to the Company’s activities.

**CUSTOMER PRIVACY**

- **418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data  
- **Data location in the Report:** Not applicable to the Company’s activities.

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**ESG databook**

- **IF-EU-110a.1.** Gross global Scope 1 emissions, percentage covered under (2) emissions limiting regulations, and (3) emissions-reporting regulations  
- **Data location in the Report:** p. 76  
- **Omission and explanation:** Greenhouse gas emissions.

- **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  
- **Data location in the Report:** p. 76  
- **Omission and explanation:** Climate strategy.

- **IF-EU-120a.1.** Air emissions of the following pollutants: (1) NOx (excluding N2O) (nitrogen oxides); (2) SOx (sulfur oxides), (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg), percentage of each in or near areas of dense population  
- **Data location in the Report:** p. 94  
- **Omission and explanation:** Pollutant emissions.

- **IF-EU-140a.1.** Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress  
- **Data location in the Report:** p. 94  
- **Omission and explanation:** Water withdrawn.
Description of water management risks and discussion of strategies and practices to mitigate these risks.

IF-EU-140a.3.

○ Responsible water use, p. 96
○ GRI content index

Risk-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)

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

Goverance

○ 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

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.

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
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO</td>
<td>International Organization for Standardization, develops and publishes international standards</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
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<tr>
<td>LLC</td>
<td>Limited Liability Company</td>
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<tr>
<td>LTI FR</td>
<td>Lost time injury frequency rate</td>
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<tr>
<td>Media</td>
<td>Media</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
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<tr>
<td>NRBC</td>
<td>Non-regulated bilateral contract</td>
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<tr>
<td>PCB</td>
<td>Polychlorinated biphenyls</td>
</tr>
<tr>
<td>PJSC</td>
<td>Public Joint Stock Company</td>
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<tr>
<td>QMP</td>
<td>Quality Moving Pool</td>
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<tr>
<td>QMS</td>
<td>Quality Management System</td>
</tr>
<tr>
<td>RAS</td>
<td>Russian Accounting Standards</td>
</tr>
<tr>
<td>RMICS</td>
<td>Risk management and internal control system</td>
</tr>
<tr>
<td>SASB</td>
<td>Sustainability Accounting Standards Board</td>
</tr>
<tr>
<td>TCFD</td>
<td>Task Force on Climate-related Financial Disclosures</td>
</tr>
<tr>
<td>UN SDGs</td>
<td>United Nations Sustainable Development Goals</td>
</tr>
<tr>
<td>VHI</td>
<td>Voluntary health insurance</td>
</tr>
<tr>
<td>VOC</td>
<td>Volatile organic compounds</td>
</tr>
<tr>
<td>WF</td>
<td>Wind farm</td>
</tr>
<tr>
<td>WPP</td>
<td>Wind power plant</td>
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