

ENVIRONMENTAL POLICY

PJSC EL5-ENERGO



The strategic goal of PJSC EL5-Energo is to increase the level of environmental safety of the Company's current and prospective production activities related to heat and electricity generation by taking consistent measures to minimize the negative impact on the environment, rationalize the use of natural resources, restore the disturbed state of environmental components aimed at preserving favorable environment for present and future generations.

The Company recognizes that achievement of the strategic goal is crucial for strengthening the Company's leadership in the energy market in the context of global environmental challenges, associated with the necessity of:

- taking into account the global climate changes and taking measures to adapt to them;
- increasing energy efficiency due to the depletion of natural energy resources;
- adoption of preventive and compensatory measures for the protection of flora and fauna and their habitats due to the biological diversity reduction;
- implementation of comprehensive solutions to improve the waste management system due to the increase in the amount of waste.

The Company expresses its intention to maintain and improve the Company's environmental performance, based on the following principles:

- **prioritized measures to prevent and minimize environmental pollution** – The Company prioritizes measures and technologies aimed at preventing possible negative environmental impacts; if the impact cannot be avoided, the Company takes measures to minimize such an impact and, if necessary, to eliminate environmental negative consequences;
- **commitment to comply with the legislative requirements** – the Company confirms its commitment and readiness to make its activities compliant with the legal requirements and fulfill voluntary obligations to promote the best environmental management practices;
- **enhancement and maintenance of the environmental sustainability of products and services** – the Company is taking effective measures to increase the efficiency of resource use, the use of resource-saving and energy-efficient technologies, the introduction of more advanced and environmentally friendly technologies, and science-based environmental management;
- **creation of the shared value for the Company and stakeholders** – the Company is aware that achievement of environmental policy goals is possible with the maximum awareness and involvement of staff and stakeholders in resolving environmental issues;
- **Principle of Precaution¹**: to protect the environment, the Company, within its capabilities, applies widely the Principle of Precaution, according to which, in cases where there is a threat of serious or irreversible damage, the lack of full scientific confidence is not used as a reason to postpone adoption of economic effective measures to prevent environmental deterioration.

Following the principles of sustainable development and environmental responsibility, the tasks below are aimed at achieving the goal stated:

1. Responsible management of environmental issues

The Company recognizes its obligations on environmental protection. In this regard, the Company intends to:

- strictly comply with the requirements of the legislation of the Russian Federation in relation to environmental protection and use of natural resources;
- make additional commitments to comply with internationally recognized standards and practices, apply the best international practices related to environmental management and implement the best available technologies (BAT);
- comply with and annually verify the requirements of ISO international standards, including commitment to continuous improvement of the environmental management system;
- define targets and tasks on decrease its impact on environment and to plan activities for their achievement;
- ensure the assessment of and control over the environmental impact and manage this impact at the stages of business development, construction, operation, modernization and decommissioning;
- prevent, control and compensate, if necessary, for the impact of hazardous environmental aspects on the environment. Make the Company's management and personnel always be ready for prevention and recovery from accidents and incidents;
- implement new technologies, search for innovative solutions to improve environmental sustainability;
- ensure control over the fulfillment of the obligations assumed under the Policy.

2. Development of renewable energy sources and commitment to decarbonization

The Company monitors the trends and changes in the energy sector and strives to:

- progressively expand energy generation from renewable sources and increase the installed capacity of low-carbon generation in the total energy mix of the Company;
- timely modernize production equipment and optimize the Company's energy consumption to reduce greenhouse gas emissions;
- ensure regular monitoring and control of greenhouse gas emissions.

3. Consideration of the risks associated with the climate change

The Company recognizes the importance of the global climate changes and the need to take response measures. In this relation, the Company intends to:

- develop management practices and assess the Company's impact on climate change and potential climate change impact on business on a regular basis, timely implement measures to adapt to them;
- take into account physical risks and transition risks associated with the climate change in a regular risk assessment.

4. Responsible use of natural resources

The Company confirms its responsibility for sustainable use of raw and other materials, natural resources at all stages of activity. In this connection, the Company:

- accepts the overriding need to reduce water and energy resources consumption, for the production needs and for household needs;
- accepts the responsibility and will reduce consumption of secondary and auxiliary resources;
- intends to increase energy efficiency of equipment adopting innovative approaches;
- commits to responsible management of water resources, paying particular attention to areas with water scarcity, to reduce water abstraction and increase reuse, prevent pollution of water bodies, reduce the volume and level of wastewater pollution.

¹Principle 15 of the Rio de Janeiro Declaration on Environment and Development, adopted by the United Nations Conference on Environment and Development in Rio de Janeiro, 3-14 June 1992. Source link: https://www.un.org/ru/documents/decl_conv/declarations/riodecl.shtml

5. Responsible waste management

The Company accepts responsibility for management of the waste generated as a result of its activity, and it shall:

- pursue the following hierarchy in waste management: (1) preventing of waste generation – (2) ensure the recycling of the waste generated – (3) taking measures on waste neutralization – (4) disposal is allowed in case of another acceptable methods of waste recycling / neutralization absence, considering the peculiarities of the regions of Company's presence;
- reduce all types of waste generation through rational consumption of resources and maximum waste involvement in secondary productive use in accordance with the circular economy principles;
- maximize the use of substances or objects formed during the production, execution of work, the provision of services or in the consumption process, introducing an approach to the management of by-products of electricity generation, considering the circular economy principle;
- make a decision on the disposal of substances or objects formed during production, work, services or consumption as waste only if there are no environmental ways of their recycling;
- keep a reliable record of the waste generated, organize its accumulation in accordance with the established requirements, ensuring its separate accumulation at the maximum possible level;
- search for and implement the most environmentally profitable ways of waste management, giving priority to its recycling and neutralization;
- strive to reduce the amount of waste sent for disposal; when disposing waste, use waste disposal facilities excluding secondary pollution of the environment.

6. Air quality control

The Company confirms responsibility for management of air pollutants resulting from its activity, and it shall:

- aim at reducing air pollutant emissions;
- to reduce emissions of pollutants into the atmospheric air, regularly check the efficiency of the equipment and take appropriate measures if necessary;
- implement new technological solutions to reduce emissions of pollutants into the air;
- carry out regular air quality monitoring in the zone of influence of production branches and air pollution emissions control to reduce them gradually.

7. Biodiversity protection

Preservation of ecosystems and protection of biodiversity are the key sustainability principles. The Company undertakes the responsibility and the need to take measures to prevent negative impact on biodiversity, and for habitat protection, it shall:

- take into account the specifics of the biodiversity of our territories during design, construction, operation and maintenance phases;
- be open to dialogue and cooperation with the local communities, ecological associations, research centers for biodiversity protection;
- take the necessary measures to prevent and compensate for the negative impact on the animal and plant world and their environment.

8. Promotion of the environmental practices and environmental responsibility in the supply chain

The Company accepts the need to develop both its environmental practices and communicate the importance of the changes to suppliers and contractors. In this relation, the Company intends to:

- inform and hold training of suppliers as to the Company's expectations with respect to environmental impact management;
- select suppliers subject to qualification criteria based on the environmental performance;
- assess suppliers considering the results of their practices in relation to environmental protection.

9. Provision of transparency and raising awareness of the environmental aspects

As a responsible public company, PJSC EL5-Energo undertakes the obligations to ensure the highest possible level of transparency with regard to the environmental aspects of its activity, and to be in a regular dialogue with the stakeholders on this subject, therefore, it shall:

- provide open access to the information on the environmental impact and annually disclose reliable information in the Sustainability Report, prepared in accordance with the international nonfinancial reporting standards;
- seek to involve stakeholders and be ready for open dialogue on the Company's environmental sustainability issues;
- hold training and raise awareness of employees in environmental protection, involve employees in environmental campaigns;
- demonstrate, by personal example of leaders, a commitment to improve environmental safety constantly;
- implement initiatives on environmental education of the population, form and promote spreading of culture of careful attitude to environment and natural resources;
- share best practices with the business community in order to improve the management approaches with regard to environmental protection and develop joint initiatives.

Management of environmental protection issues, achievement of the strategic tasks, compliance with the environmental requirements is ensured by the Company's management.

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