

# Sustainable Development Management

PJSC Rosseti endeavours to establish a responsible business that respects the environment, people and resources, in addition to achieving production and financial targets.

## Towards sustainable development management

Effectively managing sustainable development issues in line with the Company's specific features and expectations is a prerequisite for the long-term favourable position and stability of PJSC Rosseti.

The Company's main objective in the area of sustainable development is to maximise its operational pursuits' contribution to the UN SDGs and to generate added value for stakeholders in the context of relevant national and international goals.

Key contributors to sustainable development:

- Company's Board of Directors
- Management Board and General Director
- Deputy General Directors of the Company for functional areas
- Structural subdivisions of the Company, including those engaged in disclosing information related to sustainable development

Within the Company, the responsibility for the fulfilment of sustainable development objectives and implementation of appropriate policies and initiatives is distributed as follows:

- The Board of Directors administers strategic issues, such as approving sustainable development objectives, principles and trends. Also, the Board of Directors is in charge of overseeing the operations of the Company's executive bodies in key areas related to sustainable development.
- The Management Board and Director General of PJSC Rosseti are responsible for making key operating decisions and monitoring the implementation of sustainability programmes and projects adopted by the Company.
- The functional subdivisions of the Company and the management of subsidiaries implement sustainable development measures, projects and programmes in line with their core competencies.

In 2023, the Board of Directors actively contributed to the sustainable development agenda at PJSC Rosseti. The fundamental documents in this area were approved by the resolution of the Board of Directors:

- Sustainable Development Policy of PJSC Rosseti<sup>1</sup>
- Climate Change Policy of PJSC Rosseti<sup>2</sup>



<sup>1</sup> Approved by the Resolution of the Board of Directors of PJSC Rosseti on 14 April 2023 (Minutes No. 615 dated 17 April 2023).

<sup>2</sup> Approved by the Resolution of the Board of Directors of PJSC Rosseti on 14 April 2023 (Minutes No. 615 dated 17 April 2023).

## Sustainable Development Policy

The main objective of the Sustainable Development Policy of PJSC Rosseti (hereinafter referred to as the Policy) is to define the Company's consistent principles and approaches to sustainable development, and to ensure a holistic approach to environmental, social, and corporate responsibility concerns in the Company's subsidiaries through identifying the main goals, practices and trends.




The Company's focus areas set out in the Policy are in line with the UN Sustainable Development Goals (UN SDGs), the 2030 National Development Goals of the Russian Federation and other Russian and international sustainable development goals.

### Six principles of Rosseti's sustainable development activities

- 1 Safety of operations
- 2 Conservation of the environment
- 3 Accommodation of stakeholders' expectations and interests
- 4 Consistency and transparency of operations
- 5 Mutual respect as the foundation for ethical business practices
- 6 Risk management



### Sustainable development areas of the Company

<p> <b>Promotion of economic growth</b></p> <ul style="list-style-type: none"> <li>• Financial sustainability of operations</li> <li>• Contribution to the economic development of the country</li> <li>• Contribution to the economic growth of counterparties</li> <li>• Development of responsible financing instruments</li> <li>• Effective corporate governance framework</li> </ul>	<p> <b>Environmental protection</b></p> <ul style="list-style-type: none"> <li>• Atmospheric air protection</li> <li>• Waste management</li> <li>• Rational use of water resources</li> <li>• Rational land use</li> <li>• Biodiversity conservation</li> </ul>	<p> <b>Care for the public</b></p> <ul style="list-style-type: none"> <li>• Respect for human rights</li> <li>• Development of human resources</li> <li>• Labour protection, industrial safety and reliability</li> <li>• Gender balance</li> <li>• Community development</li> <li>• Charity and sponsorship</li> </ul>
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— Have the Company's sustainable development priorities changed due to restructuring?

— In the reporting year, the restructuring of the transmission and distribution grid facilities was completed. Unification of approaches to ESG activities within the Group's perimeter is forthcoming. We expect that the introduction of a single centre of responsibility will increase our contribution to the implementation of the relevant UN goals. As a first step, the Board of Directors of PJSC Rosseti approved the Sustainable Development Policy. The document identifies the Company's consistent principles and approaches in this regard. Similar internal documents were approved by our subsidiaries.

At the same time, the basic principles that the Rosseti Group's companies have been adhering to in the area of sustainable development for many years will not change: reliable and high-quality power supply to consumers, environmental stewardship, and, by all means, fulfilment of social obligations to employees.

— What are the specifics of ESG priorities for companies in the power industry?

— Recently, the sustainable development agenda has been undergoing changes. Priorities are being transformed, and the focus is shifting. This is relevant not only for power

industry companies but for all sectors of the economy as well. Whereas attaining carbon neutrality and mitigating the adverse effects were the main concerns a few years ago, the social aspect has now taken stage. The value of human capital is being more recognised. I believe this approach is fair and justified, especially for companies of the Rosseti Group.

People are our most valuable resource, and because of the peculiarities of the power grid industry, we also have an extra obligation to safeguard the lives and well-being of our employees. The fundamental principle is a preventive approach: timely personnel training and strict adherence to labour protection requirements. We place particular emphasis on improving employee well-being and creating opportunities to unleash potential. We run our own educational programmes, host professional skills competitions, and actively participate in the projects of the Presidential Platform: Russia, the Land of Opportunities.

Certainly, the E and G components also remain relevant.

We pay great attention to reforestation, safe waste management, biodiversity concerns and energy efficiency.

Sustainable development issues are integrated into the Company's corporate governance system at all levels. When making management decisions, the Board of Directors and the Company's management are mindful of ESG factors.

The validity of ESG prioritisation is confirmed by the expert community. We are proud that in the reporting year, the Company's ESG rating was raised one notch to ESG-2.

**Yulia Leschevskaya,**  
**Deputy General Director for Strategy**

## ESG rating

In 2023, the Analytical Credit Rating Agency (ACRA) upgraded the Company's ESG rating to ESG-2, which corresponds to a very high level in the area of environmental protection, social responsibility and governance.

The ACRA's decision is driven by the large-scale integration of sustainable development principles into the business model of the Rosseti Group. The assessment reflects the Company's strong dedication to sustainable development issues, a very high level of environmental, social and governance risk management, and an outstanding compliance with the best domestic and global ESG practices.

# Stakeholder Relations

Viable and mutually beneficial stakeholder engagement is one of PJSC Rosseti's priorities in sustainable development.



The Company recognises the importance of building effective relations with stakeholders. PJSC Rosseti has a procedure for reviewing the list of stakeholders once every two years. The process includes analysing the Company's activities and external context, and assessing the mutual influence

of PJSC Rosseti and stakeholders. Most recently, the list of stakeholders was revised while compiling the Company's 2023 Social Responsibility and Corporate Sustainable Development Report. The next revision is scheduled as part of the preparation of the forthcoming annual Report.