

ENVIRONMENT PROTECTION

Environmental Policy

PAO Rosseti Ural, being one of the largest distribution grid companies of Russia, is interested in environment safety and compliance of its operations with environmental regulations. Company's facilities (power lines, substations, production sites) have minor impacts on the environment. The Company's operations include such environmental impacts, as waste generation, physical effect, air contamination (minimal emissions); the Company has no wastewater discharges to surface water bodies.

PAO Rosseti Ural acceded to the Environmental Policy of the Energy Sector and took obligations to follow its statements in its operations. The focus of the Environmental Policy is to preserve a benevolent environment for current and future generations.

Key directions of the Environmental Policy are:

- Compliance with domestic and international environmental legislation;
- Priority of prevention of adverse environmental impact over liquidation of adverse environmental consequences
- Energy-saving and energy efficiency activities
- Application of best-in-class affordable technologies and innovations, ensuring compliance with environmental requirements and minimization of adverse environmental impact
- Preservation of biodiversity and rehabilitation of disturbed soils
- Stage-by-stage decommissioning of PCB-bearing and oil-filled equipment and its replacement with environmentally-friendly one
- Development and improvement of the Company's Environment Management System
- Improvement of production environmental control system
- Upgrading of environmental skills for maintenance and repairs teams

PAO Rosseti Ural has 195 facilities with an adverse impact on the environment, incl. 120 III category facilities and 75 IV category facilities. PAO Rosseti Ural has a license for collection, transportation, processing, utilization, deactivation, dumping of hazard Class I-IV waste (in terms of transportation of hazard Class I-IV waste)²⁸. The Company has 10 extraction licenses and extracts groundwater at 11 wells. In compliance with the 2018-2024 schedule on decommissioning and disposal of PCB-bearing equipment, we passed 145 PCB-bearing equipment for disposal during 2023. Replacement of 2,314 elements of static capacitors left on the "Mikhailovskaya" substation is covered by the investment program, passing for disposal is scheduled in 2024-2025.

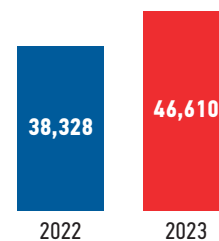
In 2023, the Company conducted activities to preserve biodiversity and land. 4,594 bird-protection devices were mounted on 6-35kV power lines in the Perm, Sverdlovsk and Chelyabinsk regions. The bird-protection devices were mounted on power lines located near water reservoirs, bird migration routes and nature reserves.

In 2023, the Company arranged a set of trainings for the employees: 69 directors and specialists underwent training on environment protection and ecological security, 89 employees were trained to process hazard Class I-IV waste.

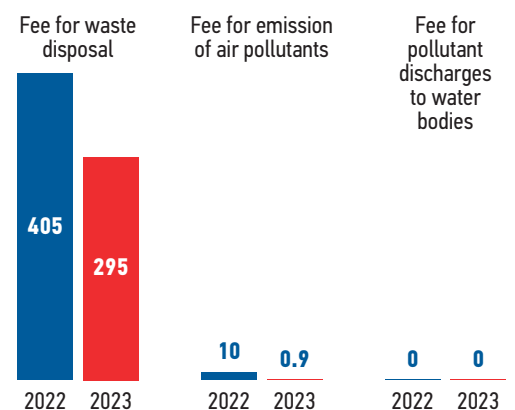
Environmental Costs

Increase of 2023 environmental costs, in comparison to 2022, was due to development of drafts of sanitary protection zones, inventory of pollutant emissions at 43 sites, arrangement of 22 SMW sites, places of accumulation of scrap metal and waste oil and purchase of SMW containers, increase in the amount of waste transferred for disposal, incl. PCB-capacitors. A slight decrease of "polluter-pays" charges in 2023 was due to recalculation of target and actual "polluter-pays" charges as well as due to the conclusion of a contract on the utilization of industrial waste (instead of waste burial).

Environmental costs, RUB thousand



Types of fee, RUB thousand



Protection of air, water and land

Air protection activities

The primary air contamination sources are motor vehicles (motor vehicle storage shed, open air or indoor car parks), machine tool use area, welding stations and workshops. All contamination sources have a minor negative impact on the environment. Under the environment control programs the Company conducts laboratory and instrumental surveys of stationary waste resources, controls the quality of air on the boundary of sanitary protection zones, and prepares survey protocols every year. In 2023, the Company conducted laboratory survey of air, impact of physical factors on sites. Survey protocols were received. Survey showed that emissions are within the limits. Due to the fact that our contribution to atmospheric pollution at the border of the SPZ and the residential zone does not exceed acceptable values, additional measures to reduce emissions of pollutants are not required. Our production sites do not produce over-the-limits noise, therefore, no noise barriers are required. The volume of air pollutant emissions in 2023 remained the same as in 2022.

Protection and sustainable use of water resources

The Company installed water meters, undergoing regular checks, to rationalize the use of water resources and register water consumption. The Company concludes contracts on water supply and disposal on time, conducts administrative procedures, improves performance discipline in terms of energy saving, conducts laboratory surveys of quality of ground water, oversees compliance with license agreements. A 3.68% decrease of water consumption and wastewater disposal in 2023, in comparison to 2022, was influenced by water saving measures in office and production buildings as well as energy-saving and energy-efficiency.

Conservation of land

Pursuant to the Regulations²⁹, in compliance with the approved annual schedule, the Company conducts production environmental control. In 2023, all scheduled inspections were conducted, activities to eliminate exposed violations were conducted, with the rest of activities planned for production programs in future periods.

Wastes from the Company's operations are stored at specially equipped waste accumulation locations (containers, reservoirs, sites located on impervious surface), easily accessible for lifting devices and motor vehicles. Waste accumulation sites are marked and located in line with approved schemes. Memos on waste accumulation sites are placed on stands. Wastes are timely handled for utilization, decontamination, allocation under relevant contracts. Employees conduct visual checks of waste accumulation locations and compliance with laws. In 2023, the Company arranged 48 sites for containers for solid municipal waste, 2 sites for oil waste, 8 sites for ferrous metals, arranged waste paper accumulation sites, acquired containers for oily rags, solid municipal waste, factory waste, 123 trash cans, 19 spill pans for oil waste, 15 canvas covers to protect wastes from precipitation, 768 liters of Trans-neft decontaminant, 3,93 tons of absorbent to liquidate possible oil product splashes. All the measures reduce adverse impact on land.



Indicator	2021	2022	2023	2023/2022, %
Emissions of air pollutants, tons	43.02	38.02	38.29	Almost the same
Water consumption, m ³	79.83	108.53	104.53	-3.68%
Waste handed over for recycling, tons	1,157.45	1,356.88	2,808.11	+106.95%
"Polluter-pays" charges, RUB thousand	487.68	414.75	295.6	-28.7%
Bird-protection devices, pcs	2,771	5,177	4,594	-11.3%

Energy consumption and energy-saving

The Company has the Energy-saving and Enhanced Energy Efficiency Program till 2025³⁰. The Program stipulates the list of target indicators based on the Federal Law³¹ and decrees of regional tariff regulators.

Target indicator	2023 target value	2023 real value
Electricity losses, kWh million	4,001.7	3,848.5
In-house load of substations, kWh million	66.7	71.8
Electricity consumption for economic needs, kWh million	64.4	68.3
Thermal power consumption for economic needs, GCal	39,985.8	44,648.2
Natural gas consumption for economic needs, thousand m ³	561.0	550.8
Hot water consumption for economic needs, thousand m ³	4.1	3.2
Cold water consumption for economic needs, thousand m ³	101.6	96.2
Gasoline consumption by vehicles and machinery, thousand liters	5,601.0	5,738.7
Diesel consumption by vehicles and machinery, thousand liters	5,724.8	6,428.8
Equipment with LED energy-saving lighting facilities, %	82.6	94.2

In 2023, almost all target indicators showed the increase of actual values against target ones, with mainly positive dynamics on the previous period. Reduction of electricity losses was mainly due to the conduct of the side activities and reduction of total supply. An increase of in-house load of substations was impacted by a temperature factor – more severe autumn-winter conditions (when the plan was drafted, 2020 was taken as the base year, with average annual temperature higher by 1.5 °C in all areas of the Company's presence). Still, the indicator showed positive dynamics on 2022 (-3.7%) due to the effect from the target-oriented activities.

The growth of consumption of resources for economic needs was also impacted by a temperature factor (compared to the base year), causing resource consumption to rise during the heating season. Still, the indicators showed positive dynamics on 2022 (-5.3%) due to the effect from the target-oriented and side activities. Reduced consumption of natural resources was due to the execution of the target-oriented and side activities as well as repairs accompanied by water cut-offs. Increase of consumption of gasoline and diesel was due to changes in the list of works, increased connection-related work scope, delivery of materials to remote parts of the country and participation in restoration of energy infrastructure.

Despite general reduction of consumption of natural resources, in comparison to 2022, the target values were not achieved due to the fact that 2020 was chosen to be the base year, being abnormally warm and having the longest period of remote work and significantly reduced volume of operations by transport and machinery. This resulted in reduced target values related to the consumption of resources in 2022-2025. Still, it should be noted that consumption of resources does not exceed values of the previous periods and have a downward trend.

A target indicator "Equipment with LED energy-saving lighting facilities" was included into Energy-saving program in 2017. In 2020 it totaled 82%, the target value was outperformed. Nevertheless, we continued our efforts, with the target totaling 94.1% in 2023. The majority of target-oriented and side activities of the Energy-saving Program was completed. We also performed unscheduled activities focusing on reduction of electricity losses and consumption of resources for economic needs.





Activities	MU	Actual effect in 2023		
		In MU	tfoe	RUB million
Reduction of electricity losses	Million kWh	14.9	1,790.7	49.2
Reduction of in-house load of substations	Million kWh	0.3	32.0	0.8
Reduction of consumption for economic needs	Million kWh	1.0	120.6	4.8
	Thousand GCal	1.0	145.2	1.9
	Thousand m ³ (gas)	0.03	0.03	0.0002
	Thousand m ³ (water)	1.6		0.17
Reduction of fuel consumption	Thousand liters (gasoline)	18.0	20.4	0.7
	Thousand liters (diesel)	19.9	24.5	1.0
Total effect on target-oriented activities	Million kWh	16.2	1,943.3	54.9
	Thousand GCal	1.0	145.2	1.9
	Thousand m ³ (gas)	0.03	0.03	0.0002
	Thousand m ³ (water)	1.6		0.17
Total effect on the Program (incl. side activities)	Thousand liters	37.9	44.9	1.7
	Total		2,133.4	58.7
	Million kWh	61.3	7,357.5	202.8
	Thousand GCal	1.0	145.2	1.9
	Thousand m ³ (gas)	0.03	0.03	0.0002
	Thousand m ³ (water)	1.6		0.2
	Thousand liters	43.8	51.9	2.0
Total		7,554.6	206.9	

Total effect from target-oriented activities under the Energy-saving Program for 2023 totaled 16.2 million kWh, 1,015.8 GCal, 0.03 thousand m³ of gas, 1.6 thousand m³ of water and 37.9 thousand liters of fuel (side activity) or RUB 58.7 million (incl. RUB 1.7 million from side activities). Total effect from target-oriented activities of the Energy-saving Program, Reduction of Losses Program and other side activities in 2023 reached 7,554.6 tfoe or RUB 206.9 million in money terms.

Indicator	MU	2021	2022	2023	2023/2022, %
Consumption of fuel and energy resources for economic needs (office and production buildings)	Thousand tfoe	16.7	16.1	15.2	-5.3
	RUB million	380.6	389.7	409.4	5.1
Consumption of fuel by transport and machinery	Thousand tfoe	14.0	14.5	14.4	-0.5

Consumption of energy resources in 2023

Resources	MU	2023 target value	2023 actual value	Variance, %
Nuclear energy		N.A.		
Thermal power	GCal	39,991.9	44,648.2	11.6
	RUB million	74.1	79.4	7.3
Electricity	Million kWh	4,066.1	3,916.7	-3.7
	RUB million	12,508.6	12,426.0	-0.7
Electromagnetic energy		N.A.		
Oil		N.A.		
gasoline	Thousand liters	5,601.0	5,738.7	2.5
	RUB million	236.3	225.0	-4.8
diesel	Thousand liters	5,724.8	6,428.8	12.3
	RUB million	258.2	318.2	23.2
Mazut		N.A.		
Natural gas	Thousand m ³	561.0	550.8	-1.8
	RUB million	3.3	3.4	1.8
Coal		N.A.		
Oil shales		N.A.		
Peat		N.A.		
Others		N.A.		