

ENVIRONMENTAL PROTECTION

THE ENVIRONMENTAL POLICY OF THE COMPANY'S POWER GRID COMPLEX SETS GOALS FOR REDUCING THE NEGATIVE IMPACT ON THE NATURAL ENVIRONMENT AND ENSURING ENVIRONMENTAL SAFETY AT FACILITIES, AS WELL AS FOR THE RATIONAL USE OF NATURAL RESOURCES. IN ADDITION, THE COMPANY PLANS TO MODERNISE EQUIPMENT AND APPLY INNOVATIVE AND ENVIRONMENTALLY FRIENDLY TECHNOLOGIES IN THE RETROFITTING, RENOVATION AND CONSTRUCTION OF POWER GRIDS.

When transferring the most efficient type of energy to consumers — electric energy, Rosseti Kuban adversely affects the natural environment components.

The Company carries out an annual update of significant environmental aspects. Key aspects of the Company's environmental impact include:

- Generation, disposal and transfer of waste to third parties
- Arrangement of oil-filled equipment
- Storage of materials and equipment

- Operation of vehicles, machines (cutting, drilling, woodworking, turning and sharpening), welding and painting works, chemical analysis of transformer oils, transformer oil storage.

Since 2009, the Company has had an environmental management system in place that enables it to effectively manage environmental risks, prevent and reduce its negative impact on the environment and improve its image.

ENVIRONMENTAL ACTIVITIES IN 2021

All of the scheduled environmental policy activities were implemented in the reporting year, including the following:

- Implementation of the requirements of the Stockholm Convention on Persistent Organic Pollutants. The Environmental Policy of the power grid complex sets out a goal for 100% phasing-out of equipment that contains polychlorinated biphenyls (PCBs) with its further disposal by 2025. Such equipment is phased out under the Plan for the Decommissioning of Equipment that Contains PCBs for 2018–2023 approved by the resolution of Kubanenergo Board of Directors (Minutes No. 296/2018 dated 23 January 2018)

433 UNITS

OF PCB-CONTAINING EQUIPMENT REPLACED
WITH ENVIRONMENTALLY SAFE ONES

1,343 UNITS

OF DISMANTLED EQUIPMENT TRANSFERRED
FOR SAFE DISPOSAL

- The Company adhered to the requirements of the Russian Environmental Laws:
 1. Industrial environmental monitoring at pollutant sources, sanitary protection zone boundaries, pollutant water discharge points to check the compliance with the set standards for acceptable environmental impact
 2. Sanitary protection zone projects were developed and approved by controlling bodies for 42 power facilities of all the Company's branches and its executive office, to designate special areas acting as buffers and providing the protection for the residents during the operation of the facilities
- The following technical actions were taken to reduce the adverse impact on the environment:
 1. Replacement of 112 oil-filled bushings with solid-insulation bushings
 2. Repair (renovation) of emergency oil discharge systems and transformer oil receivers at 21 substations to prevent potential environmental contamination
 3. Construction/renovation of a 570-km long high voltage line using self-supporting insulated wires, including for the purposes of biodiversity preservation
 4. Installation of a total of 4,217 bird diverters to preserve the biodiversity and prevent death of animals and birds in the course of production processes

5. Recycling/recovery of up to 22.9 tonnes of transformer oil (~10% of the oil purchased per year) to reduce the amount of natural resources consumed
6. Voluntary environmental responsibility mechanisms are maintained in operating conditions

ACCORDING TO THE RESULTS OF THE RECERTIFICATION AUDIT OF 2021 CONDUCTED BY THE AUDITORS FROM LLC ROSTEKHSERT, THE COMPANY SUCCESSFULLY CONFIRMED ITS COMPLIANCE WITH THE NEW REVISION OF ISO 14001:2015 — ENVIRONMENTAL MANAGEMENT SYSTEM. THE CERTIFICATE ISSUED AS A RESULT OF THE AUDIT IS VALID UNTIL MARCH 2024.

BIOLOGICAL DIVERSITY PRESERVATION:

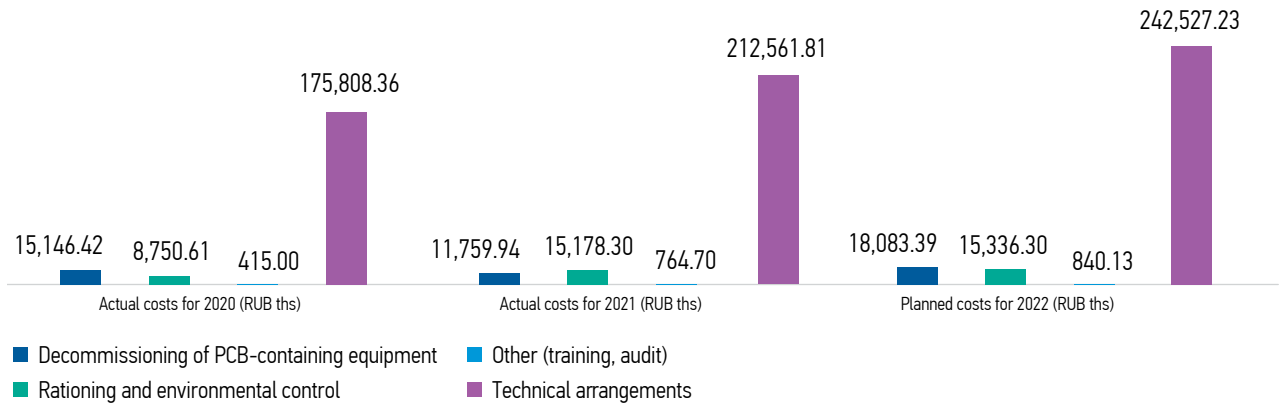
570 km

OF HIGH VOLTAGE LINES ARE MADE WITH SELF-SUPPORTING INSULATED WIRES

4,217

BIRD DIVERTERS WERE INSTALLED IN 2021

CHANGES OF EXPENSES FOR IMPLEMENTATION OF THE ENVIRONMENTAL POLICY (RUB '000)

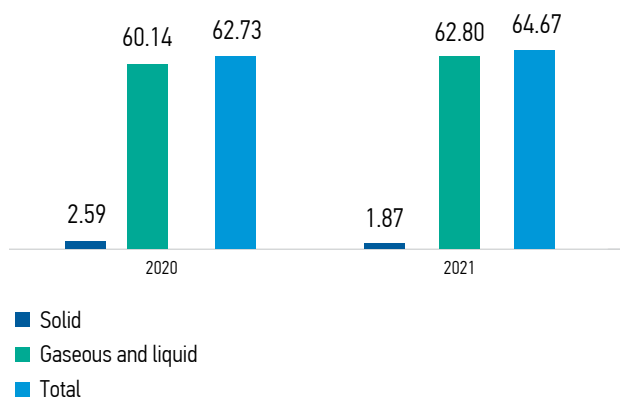


ENVIRONMENTAL PERFORMANCE IN 2021

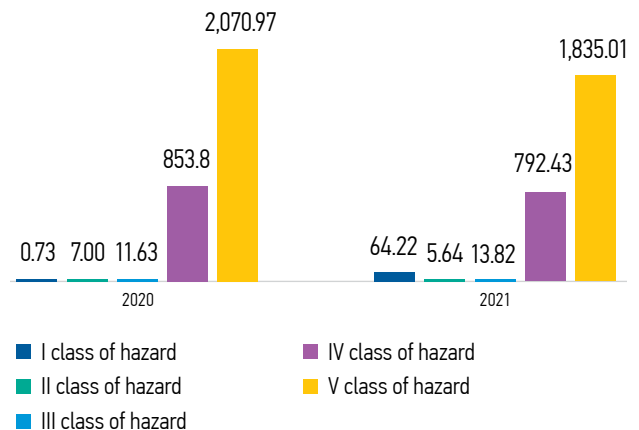
The gross air emissions increased by 3% year-on-year (to 64.67 tonnes).

In 2021, the Company achieved a reduction in the generation of waste of hazard classes II and IV. This decreased the volume of waste sent for recycling and disposal by 4.2% (to 532 tonnes).

TOTAL GROSS AIR EMISSIONS (T)



WASTE GENERATION IN THE COURSE OF THE COMPANY'S ACTIVITIES IN 2021 (T)



ENVIRONMENTAL PERFORMANCE OF THE COMPANY IN 2019–2021

Indicator	2019	2020	2021	Δ 2020/2021 (%)
Gross air emissions, total (t)	71.44	62.73	64.67	3.1
Volume of waste transferred for disposal and treatment, t	605.75	555.08	531.57	−4.2
Environmental impact fee (RUB '000)	211.49	226.59	170.77	−24.6
Installation of bird diverters at power grid facilities	2,304	4,978	4,217	−15.3

ENERGY CONSUMPTION AND ENERGY SAVING

In the reporting year, the Company aligned its energy saving and energy efficiency improvement activities with:

- Decree of the Government of the Russian Federation No. 161 dated 11 February 2021 On Establishing Requirements for Regional and Municipal Energy Saving and Energy Efficiency Improvement Programmes
- Federal Law of the Russian Federation No. 261-FZ dated 23 November 2009 On Energy Saving and Enhanced Energy Efficiency, as well as Amendments to Certain Legislative Acts of the Russian Federation
- Decree of the Government of the Russian Federation No. 340 dated 15 May 2010 On the Procedure for Setting Requirements for Energy Saving and Energy Efficiency Improvement Programmes of Organisations Engaged in Regulated Activities
- Decree of the Government of the Russian Federation On Investment Programmes of Electric Power Industry Entities No. 977 dated 1 December 2009 (as amended)
- Order of RPC-PTD KT On Approval of Requirements for Programmes in the Field of Energy Saving and Energy Efficiency Improvement of Organisations Engaged in Regulated Activities in the Krasnodar Territory No. 5/2011 dated 31 March 2011
- Law of the Krasnodar Territory On Energy Saving and Energy Efficiency Improvement in the Krasnodar Territory No. 1912-KZ dated 3 March 2010
- Energy Saving and Energy Efficiency Improvement Programme of Rosseti Kuban for 2017–2022, approved by decision of the Board of Directors on 2 June 2021 (Minutes No. 436/2021) (hereinafter – the Programme)

To make sure that the Programme is implemented as is right and proper, Rosseti Kuban appointed the persons responsible for arranging and monitoring its fulfilment and established working groups.

The targets of the Programme are as follows:

- Reduction of electricity losses in transmission and distribution
- Consumption of energy resources for utility needs
- Number of LED-based lighting devices

ENERGY SAVING TARGETS
IN 2021 WERE ACHIEVED:

9.92%

ELECTRICITY LOSSES AGAINST A TARGET OF 10.50%

4.16^{ths} TFOE

CONSUMPTION OF ENERGY RESOURCES AGAINST A TARGET OF
4.27 THS TFOE)

80%

OF LIGHTING DEVICES ARE OF LED TYPE