

HUMAN RESOURCES MANAGEMENT

OBJECTIVES OF THE HR AND SOCIAL POLICY OF THE COMPANY

The below are the key objectives of HR and Social Policy of the Company intended to meet the targets of the Russian Power Grid Industry Development Strategy:

- Planning the demand in personnel — availability of accurate information on current and forecast labour demand, both quantitative and qualitative, as necessary and sufficient to fulfil the Company's objectives
- Recruiting necessary skills when needed
- Improving the performance and increasing labour efficiency

These key objectives of the HR and Social Policy are accomplished through the range of measures in various aspects of the Company's activities and the achievement of the targets set.

ASPECTS OF THE HR AND SOCIAL POLICY OF THE COMPANY



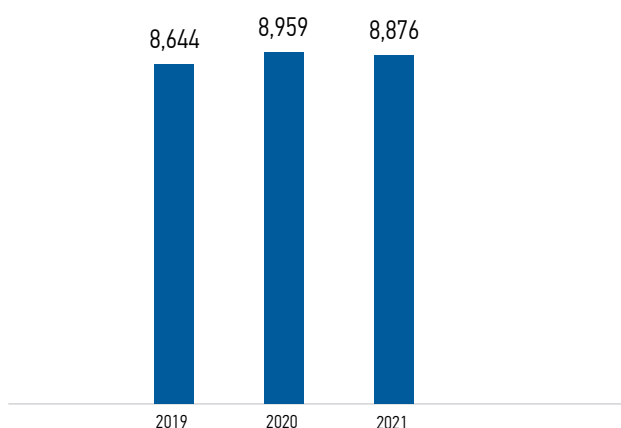
In order to maintain a high level of social protection for the personnel of Rosseti Kuban, provide employees with guarantees and compensations and minimise the number of illnesses among the Company's personnel in 2021, the following measures were accepted and implemented:

- Bringing as many as possible Company's personnel to work from home
- Distance learning of employees in all programmes available
- Providing non-recurrent financial assistance to employees and veterans

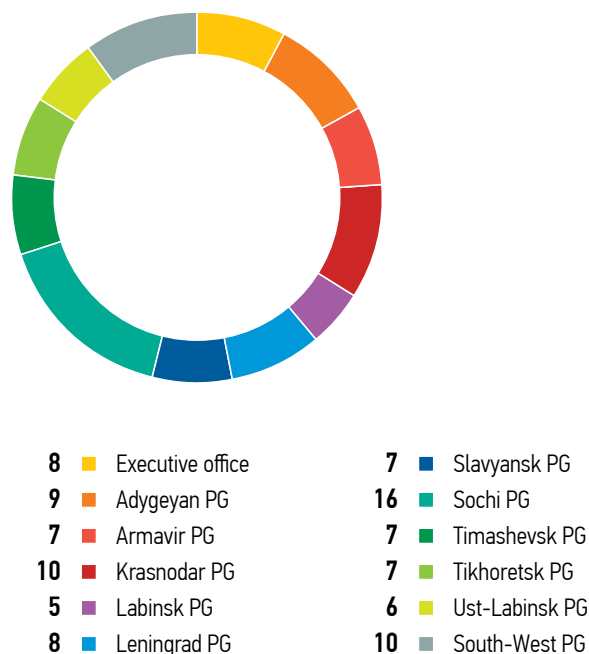
HEADCOUNT AND PERSONNEL BREAKDOWN

The average number of employees at Rosseti Kuban in 2021 was 8,876, down 0.9% year-on-year. This insignificant decrease in the average headcount was caused by the natural staff rotation.

DYNAMIC PROFILE OF AVERAGE HEADCOUNT OF ROSSETI KUBAN IN 2019–2021 (PERSONS)



AVERAGE HEADCOUNT DISTRIBUTION ACROSS THE BRANCHES OF ROSSETI KUBAN (%)

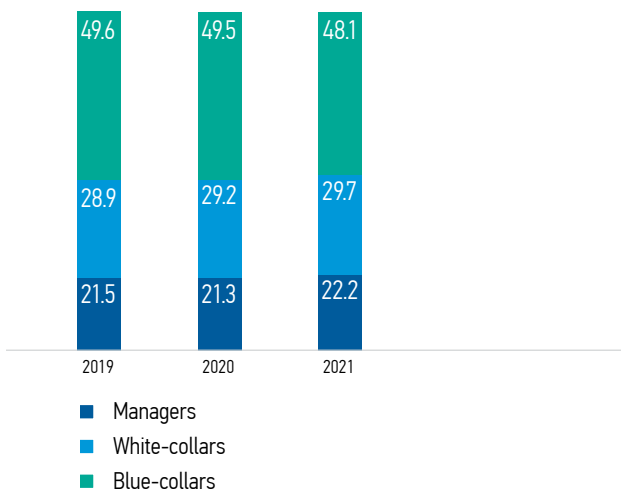


The Company's staffing level in 2021 was 92.9%, including 92.3% – for production staff. The active personnel turnover rate was 10.5%. There were a total of 1,184 new hires in 2021, 976 persons (82%) of them were production staff and 67 persons (6%) – support staff.

ANALYSIS OF ACTIVE STAFF TURNOVER IN THE COMPANY IN 2019–2021 (%)

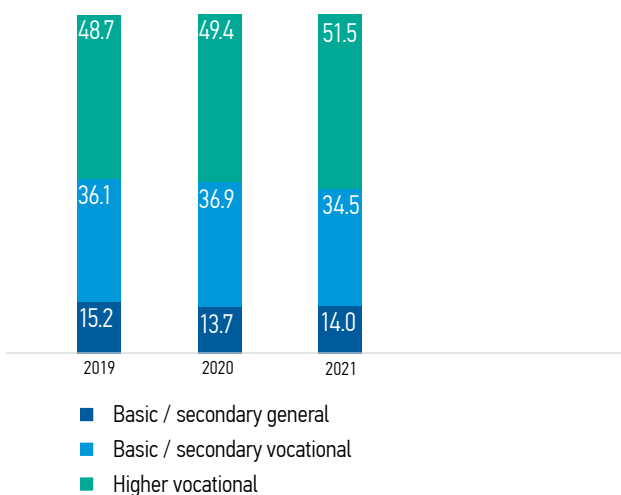
Active turnover rate	2019	2020	2021	Δ 2021/2020 (%)
Total for the Company	7.9	6.6	10.5	3.9
By age groups:				
under 35 years	10.4	9.7	14.6	4.9
35–50 years	8.1	6.6	10.2	3.6
over 50 years	4.5	3	6.5	3.5
By gender:				
Women	7.5	8.6	9.1	0.5
Men	8.0	6	10.9	4.9
By region:				
Republic of Adygea	12.0	5.3	13.9	8.6
Krasnodar Territory	7.6	6.7	10.2	3.5

STAFF BREAKDOWN BY CATEGORY IN 2019–2021 (%)



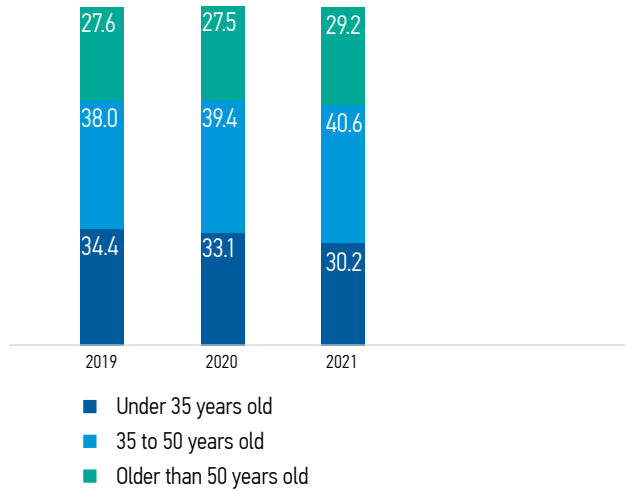
The personnel breakdown by categories is typical for a company of the power grid complex and remains stable over the past three years. Blue-collar workers account for major share (48.1%), whereas managers hold 22.2% and white-collar professionals – 29.7%.

STAFF BREAKDOWN BY EDUCATION IN 2019–2021 (%)



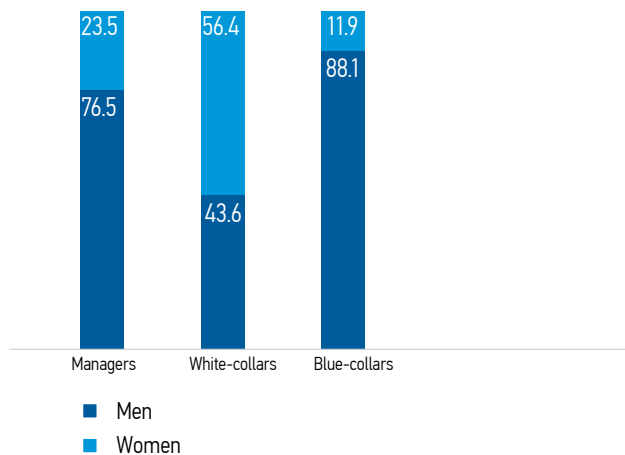
The Company’s staff is characterised by a sufficiently high level of qualifications: 86% of employees have professional education, and the number of employees with higher education is increasing (over three years, +2.8 p.p.).

STAFF BREAKDOWN BY AGE IN 2019–2021 (%)



The average age of the Company’s employees in 2021 was flat with the 2020 level – 43 years. Over the past three years, there has been an increase in the share of employees aged 35–50 (+2.6 p.p.) against a decrease in the share of employees under 35 (–4.2 p.p.) and the larger share of employees over 50 (+1.6 p.p.).

STAFF BREAKDOWN BY GENDER IN 2021 (%)



The gender composition of the Company’s employees also fits the typical profile of power grid companies. As at 31 December 2021, the employees of the Company are presented by 72.3% of men and 27.7% of women; the breakdown by category is shown in the diagram below.

STAFF TRAINING AND DEVELOPMENT

Employee training is one of the priorities of the Company's human resources and social policies that is regulated by the following documents:

- Rules for Personnel Management in the Electric Power Industry of the Russian Federation, approved by Order No. 796 of the Ministry of Energy of the Russian Federation dated 22 September 2020
- Rosseti Kuban's HR Management Procedure approved by Order No. 102 dated 22 February 2022

- Regulations on Personnel Training at Rosseti Kuban approved by Order No. 681-od dated 26 November 2020
- Other regulatory documents, as well as prescriptions and recommendations of the supervisory authorities

The Company's main provider of educational services is the in-house training centre, the Energy Institute for Continuing Education of Kubanenergo (hereinafter – the Institute). In the reporting year, the share of the Institute's trainees was 90% of the total number of the Company's employees.

STAFF TRAINING FOR ROSSETI KUBAN IN 2019–2021

Indicator	2019	2020	2021	Δ 2021/2020 (%)
Number of off-the-job trainees (persons)	9,143	8,258	8,530	3.3
Including production staff	8,386	7,373	7,328	-0.6
Ratio of the number of off-the-job trainees to average staff headcount (%)	106	92	96	4 p.p.
Number of employees who received professional training, retraining and advanced training at the Institute (persons)	8,633	7,044	7,695	9.2
Including production staff	8,003	6,545	6,927	5.8
Number of distance training programmes given at the Institute	24	46	76	65.2
Average number of hours of training per employee (academic hours)	60	58	75	29.3

The key indicator (30%) of the Company's Personnel and Social Policy is achieved thanks to the existing ratio of the off-the-job trainees in 2021 to the average headcount.

In 2021, there was a 65% increase in the number of distance learning programmes offered at the Institute. The development of distance learning in 2021 was greatly facilitated by the difficult epidemiological situation in the region of the Company's presence due to the COVID-19 pandemic.

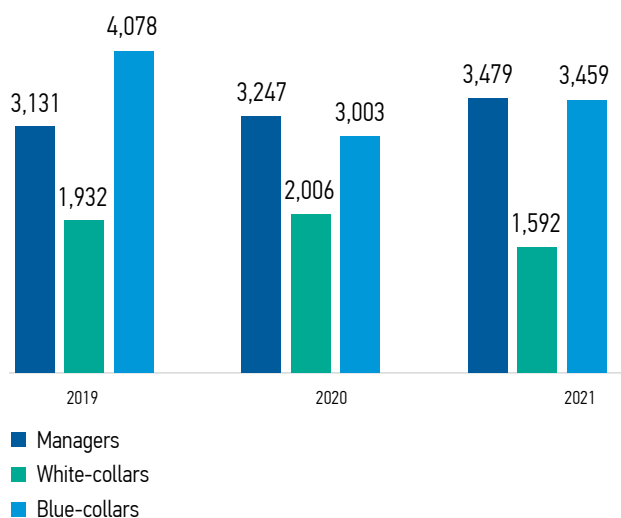
+65%

GROWTH IN THE NUMBER OF ONLINE EDUCATION PROGRAMMES
IN 2021

THE STRUCTURE OF PERSONNEL PARTICIPATED IN OFF-THE-JOB TRAINING IN 2019–2021, BY CATEGORY (PERSONS)



THE STRUCTURE OF PERSONNEL PARTICIPATED IN OFF-THE-JOB TRAINING IN 2019–2021, BY CATEGORY (%)



A significant share of the personnel falling under managers and blue collars categories in the total number of the trained personnel is explained by the mandatory nature of training for such categories and frequency of the same, as required by regulatory documents.

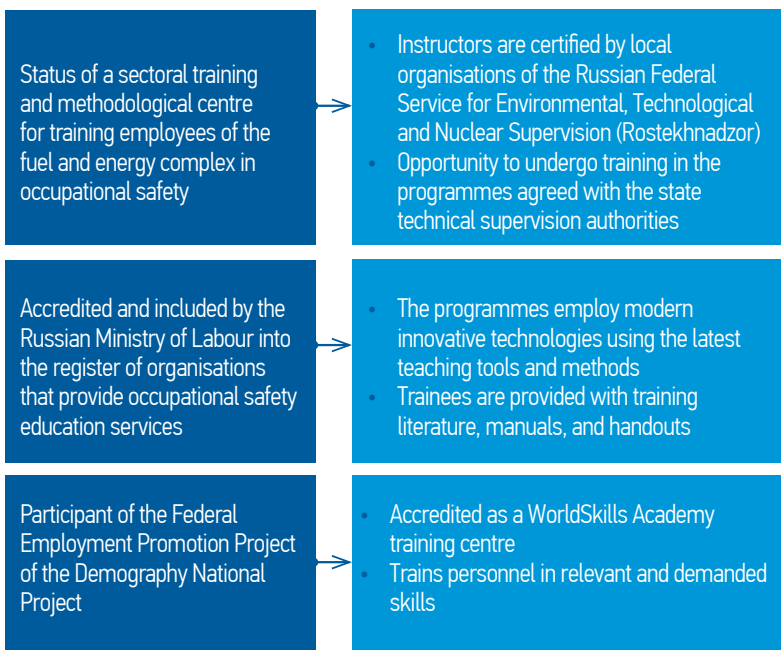
STAFF TRAINING EXPENSES IN 2019–2021 (RUB '000)

Indicator	2019	2020	2021	Δ 2021/2020 (%)
EXPENSES FOR PERSONNEL TRAINING, TOTAL	106,018	73,836	76,259	+3.3
Including:				
hosted by the Institute	77,667	53,563.2	65,130.5	21.6
hosted by third-party educational institutions	28,351	20,272.9	11,128.5	-45.1

Every year, the Institute trains about 8 thousand students in more than 370 educational programmes aligned with the requirements of professional standards and relevant regulatory documents.

The Institute provides services in the following areas:

- Training in professional education programmes (training, retraining, advanced training of employees), continuing professional education programmes (professional retraining, advanced training of engineering staff)
- Conducting topic-related workshops and practical training aimed at developing corporate and managerial competencies of personnel
- Hosting WorldSkills championships and vocational skills competitions at various levels
- Holding conferences, scientific and technical round tables with the participation of manufacturers and developers of state-of-the-art equipment
- Preparing teams for professional skill competitions



ZERO ACCIDENT RATE

One of the tasks for 2021 within the roadmap for the realisation of the zero-accident concept in Rosseti Group was the training of safe behaviour coaches in the power industry (Vision Zero coach). Two training courses were implemented in this area: “Professional coach of Safe Behaviour in the Power Industry (Vision Zero coach)” and “Fundamentals of Vision Zero in Behavioural Safety as a Subject of Continuous Attention and Analysis by the Manager” (training). The programmes are designed for occupational health and safety specialists and accommodate international practice and the experience of large companies in the Russian Federation.

In 2021, the Company continued training its personnel in live working (first launched in 2020).

In order to develop the mentoring system and to create effective mechanisms for interaction between the mentor and the novice power utility employee, the following strategic sessions were held at the Institute in 2021:

- Strategic session on “organisational models and peculiarities of building the competence in mentoring”
- Strategic session on “technology, practical tools and criteria for evaluating the effectiveness of mentoring process participants”
- Strategic session on “processes of implementing the mentoring system: communication, motivation, feedback”

The key providers of educational services in 2021, other than the Institute, were:

- Rostov-on-Don Training Centre Energetik
- Federal State Budget Institution — Learning and Training Centre of Rostechndzor
- Federal State Budget Institution — Training Centre of FAS of Russia
- LLC Uralenergосervice
- EKRA Scientific and Educational Centre, etc.

Mentoring training is a cycle of new programmes designed to ensure intergenerational continuity, transfer personal professional experience to young employees, adapt and motivate new employees to establish a long-term employment relationship with the Company.

In 2021, as a part of the implementation of the Rosseti Group’s Digital Transformation 2030 concept approved by the Group’s Board of Directors (Minutes No. 336 dated 21 December 2018), training for the Company’s personnel on the advanced course Digitalisation of the Power Grid Complex was implemented.

THE GOAL OF THE PROGRAMME IS TO BUILD THE DIGITAL SKILLS OF THE COMPANY’S EMPLOYEES AND INTRODUCE INFORMATION SECURITY, SMART METERING, VIRTUAL AND AUGMENTED REALITY TECHNOLOGIES INTO THE POWER GRID COMPLEX.

In the reporting year, 449 employees of the Company (5.1% of the average headcount) were sent for independent qualification assessment to the Qualification Centre Energia (a branch of JSC Energetik Health Resort); out of those, 419 successfully passed the professional examination and confirmed their professional qualification. In 2021, 1,391 people took part in the assessment of the Company’s needs in recruitment, personnel shake-up, comprehensive assessment of managers by the Assessment Centre method, and psychodiagnostic assessment.

449

EMPLOYEES UNDERWENT AN INDEPENDENT QUALIFICATION ASSESSMENT IN 2021

93%

CONFIRMED THEIR PROFESSIONAL QUALIFICATIONS

TALENT POOL

To meet the Company demand for qualified and efficient managers in a timely manner and create conditions for the best fulfilment of the staff potential of PJSC Rosseti Kuban, the Company constantly updates and improves its management talent pool and intern talent pool.

The management talent pool is created to satisfy the Company demand in management staff in a timely and efficient manner, including the following positions:

- senior managers,
- mid-rank managers,
- managers and chief engineers for power grid regions.

The main criteria to include employees in the management talent pool are as follows:

- high professional qualification,
- strong production performance,
- managerial experience,
- personal and managerial potential necessary for professional development and career growth in the Company.

TALENT POOLS OF THE COMPANY

Indicator	2019	2020	2021
Headcount of talent pools (persons)	406	251	242
The share of managerial positions secured by the talent pool (%)	59.31	69.93	64.32
Share of succession candidates appointed to target positions in the reporting year (%)	3.3	3.3	4.6
Share of management positions staffed by internal candidates, including those from the talent pools (%)	58.4	56.8	63.9
Youth talent pool (persons)	147	140	100



The youth talent pool consists of young specialists aged under 35 years who have high growth potential and are motivated for career progress in the Company.

The membership of the Company's youth talent pools is updated on an annual basis, and development plans for young professionals include participation in training programmes, discipline-related trainings aimed at personal growth and development of competencies, industry-wide and regional conferences, and youth forums in order to get acquainted with the best practices of power grid companies in a timely manner.