

# INFORMATION ON SUSTAINABLE DEVELOPMENT RISKS

The Company's management and relevant departments remain focused on occupational health and safety, staff development, reduction of environmental impact and other ESG issues. Risks relating to sustainable development are managed by the Company's RM&ICS. Risk assessment and management take into account a wide range of factors, including ESG ones, which contributes to compliance with the Company's sustainable development principles.

The risks associated with the impact of climate change on the Company's operations are short-term in nature. As they have significant consequences and may have a negative impact on the quality and reliability of power supply, the Company assesses them as significant.

High outdoor air temperature in summer, typical for the region of the Company's presence, may entail the risk of overloading power supply centres, which will deteriorate the power supply to consumers. In order to minimise this

risk, the Company regularly redistributes loads between power supply centres. Furthermore, the Company's Investment Programme will include measures to increase the capacity of power supply centres.

In the regions where the Company operates, there is a possibility of emergencies due to natural disasters

(hurricanes, torrential rains, floods, snow drifts, mudslides, etc.). This may result in material damage to the local population, housing & utilities infrastructure and social facilities, as well as to the Company's power grid facilities. There might also be power outages and transport disruptions in the Company's catchment area.

In order to minimise the impact of adverse weather conditions, the Company takes the following steps:

- Constantly monitors weather conditions, develops and implements action plans to reduce the consequences for the Company (during spring floods and high water levels; during the thunderstorm season).
- Pre-plans and adjusts schedules for equipment repairs, taking into account weather conditions.
- Carries out emergency response and restoration works.
- Interacts with the insurance company to obtain compensation for damage caused to the Company's insured property as a result of natural disasters.

Given the extent to which production activities affect soil, atmospheric air, surface and subsurface subsoil, flora and fauna, the Company places considerable emphasis on mitigating adverse effects on these natural environment components and guaranteeing environmental safety at power grid facilities. Risks related to the Company's environmental impact are long-term in terms of time of impact and are assessed by the Company as moderate, given the set of environmental risk management measures in place. In order to minimise these risks, the Company undertakes obligations to comply with the requirements of environmental legislation and performs the following measures:

- Implements the measures aimed at ensuring environmental safety and protection of the environment.
- Upgrades equipment and applies innovative and environmentally friendly technologies in the renovation, retrofitting and construction of power grids, including decommissioning

of polychlorinated biphenyl-containing equipment and replacing it with environmentally friendly one.

- Monitors the negative environmental impact, complying with the established permissible impact rates, and submits to the regulatory authorities information on the protection of atmospheric air and on the generation, processing, utilisation, disposal, neutralisation, and disposal of production and consumption waste.
- Ensures that suppliers of products and services comply with the requirements of legislation, standards, codes and internal documents of the Company regarding environmental protection and environmental safety.

The Company adheres to the principles of continuous professional development of its employees and the creation of a favourable social and working environment. The social rights of the Company's employees encompass fair and favourable working conditions, protection against unemployment, fair

and satisfactory remuneration, equal pay for equal work, as well as education, the opportunity to maintain the health and well-being of the individual and their family.

The Company works to ensure that the social rights of its employees are respected, to protect them from unemployment, to pay fair remuneration, to reimburse the costs of sports activities and to raise the level of education of the Company's employees.

The Company provides corporate support in improving the housing conditions of employees. There is a separate housing programme for employees recruited to the Company from other localities who do not have accommodation in the area where they work.

By time of impact, risks related to non-compliance with social rights and guarantees of employees are medium-term. Given the high level of social responsibility of the Company, these risks are assessed as moderate.

