

Appendix No. 7
to the decision of the Board of Directors
ROSSETI South, PJSC 12/29/2023
(protocol dated December 29, 2023 No.
557/2023)

APPROVED
by the decision of the Board of Directors
ROSSETI, PJSC
April 14, 2023
(protocol dated April 14, 2023 No. 615)

**POLICY
ON CLIMATE CHANGE
ROSSETI, PJSC**

**Moscow
2023**

1. General provisions

1.1. The climate change policy of the Public Joint Stock Company "ROSSETI" (hereinafter referred to as the Policy, the Company) is the fundamental document identifying the climate agenda for the Company. This policy complements the Environmental Policy of the Company.

1.2. The purpose of the Policy is to systematize approaches to climate change in the process of carrying out the Company's activities.

1.3. The objectives of the Policy include:

- identifying the main risks and opportunities relevant to the Company related to climate change;
- establishing measures to reduce the negative impact of the Company's activities on the climate and adapting the network infrastructure to the negative impact of climate change;
- formation of a basis for the preparation and updating of profile documents and business processes in accordance with the designated goals and objectives in the field of climate change.

1.4. The policy has been developed in accordance with the Company's internal documents, is based on international and national practices in the field of climate change and complies with the requirements of the legislation of the Russian Federation.

In preparing this Policy, the following regulatory legal acts and documents were used:

- Federal Law of March 26, 2003 No. 35-FL "On Electric Power Industry";
- Federal Law No. 296-FL dated July 2, 2021 "On limiting greenhouse gas emissions";
- National development goals of the Russian Federation for the period until 2030, approved by Decree of the President of the Russian Federation dated July 21, 2020 No. 474;
- Decree of the President of the Russian Federation dated November 4, 2020 No. 666 "On reducing greenhouse gas emissions";
- The Doctrine of Energy Security of the Russian Federation, approved by Decree of the President of the Russian Federation dated May 13, 2019 No. 216;
- Plan for the implementation of a set of measures to improve state regulation of greenhouse gas emissions, approved by Order of the Government of the Russian Federation dated November 3, 2016 No. 2344-r;
- Energy Strategy of the Russian Federation for the period until 2035, approved by Order of the Government of the Russian Federation dated 06/09/2010 No. 1523-r;
- Strategy for the socio-economic development of the Russian Federation with low greenhouse gas emissions until 2050, approved by Order of the Government of the Russian Federation dated October 29, 2021 No. 3052-r;
- recommendations for the disclosure by public joint stock companies of non-financial information related to the activities of such companies, provided for by the Bank of Russia Information Letter No. IN-06-28/49 dated July 12, 2021;
- recommendations for the board of directors of a public joint stock company to take into account ESG factors, as well as sustainable development issues, provided for in the Bank of Russia information letter dated December 16, 2021 No. IN-06-28/96.

When preparing this Policy, the Company was guided, among other things, by:

- The goals of the Paris Climate Agreement;
- International standards for climate change-related financial disclosures TCFD (Task Force on Climate-related Financial Disclosures - Working Group on Climate-related Financial Disclosures under the Financial Stability Board).

2. Application area and end users

- 2.1. This Policy applies to the Company.
- 2.2. The Company's controlled organizations are recommended to follow this Policy when conducting activities in the field of climate change.
- 2.3. The policy is advisory in nature for partners, suppliers and contractors and other interested parties of the Company.
- 2.4. The policy is approved by a decision of the Company's Board of Directors. All changes and additions to the Policy are made by decision of the Board of Directors of the Company.

3. Approaches to managing climate change issues

- 3.1. The main participants in activities in the field of climate change are:
 - the Board of Directors of the Company;
 - executive bodies (Board and General Director) of the Company;
 - Deputy General Directors of the Company in functional areas;
 - structural divisions of the Company;
 - a structural unit of the Company that discloses information in the field of climate change.

4. Areas of activity in the field of climate change

The state climate agenda is aimed at the progressive introduction of restrictions regarding the negative anthropogenic impact on the environment, primarily the rate of curbing global warming of the planet's climate in order to achieve minimization of greenhouse gas emissions.

The electric power industry, like other sectors of the economy, is faced with the consequences of climate change: the number of dangerous weather events that can affect the reliability of power supply is growing every year. The Society is committed to minimizing our impact on the environment and doing our part to achieve carbon neutrality.

The Company is the operator of the backbone and distribution power grid complex, ensuring the transmission of electricity over a significant part of the territory of the Russian Federation. With such a vast geography of activity, changes in climatic conditions can have an impact on both production activities and the financial results of the Company. In this regard, the Company has established work to identify, record and manage risks caused by climate change.

4.1. Climate Risk Management

4.1.1. Based on their impact on the electricity industry, climate risks are divided into two groups:

- **physical risks** - risks associated with natural phenomena arising as a result of climate change and capable of affecting the condition and functioning of various elements of energy systems (generation, distribution and consumption of electricity);
- **transition risks** - risks associated with the transition to a low-carbon economy and that can impact the economy of the industry.

4.1.2. Society identifies two groups of physical risks.

Climatic factor	Description of risks	Mechanism of action
1. Extreme weather events		
Increase in wind speed and frequency of impact (gusts, squalls, tornadoes, etc.)	Exposure to network infrastructure due to conditions not meeting design conditions	Accidents on power lines associated with vibration, subspan oscillation, overlap and breakage of wires, as well as damage to supports and metal structures
Increased frequency of heavy ice and frost		Accidents on power lines associated with sagging, overlapping and broken wires, as

deposits and wet snow accumulation		well as damage to supports and metal structures
Extreme rainfall and flooding	– Exposure of network infrastructure to floods; – High water content, relief deformation	Flooding of ground infrastructure, damage to equipment. Increase in landslides and destruction of foundations of buildings and structures
Increase in landslides and destruction of foundations of buildings and structures	– Exposure to network infrastructure due to conditions not meeting design conditions; – Exposure of personnel to weather factors	– Accidents on power lines associated with sagging wires; damage to transformer substations; – Higher rates of mortality, morbidity and lost productivity among staff
2. Irreversible climate processes		
Degradation (thawing) of permafrost	High exposure of buildings and communications to network infrastructure	Reduction of the bearing capacity of the foundations of buildings and structures, including power line supports

4.1.3. Among the transition risks, the Company identifies the following:

- increasing unevenness of electricity output to the grid from new generation facilities with a shift in the energy balance towards renewable energy sources;
- changes in consumption patterns due to the development of energy-saving technologies and electric transport;
- introduction of financial mechanisms to reduce carbon dioxide emissions, which will lead to an increase in the cost of electricity to compensate for losses in networks;
- the emergence of new large centers of electricity consumption, including for the production of fuel with a low carbon footprint.

4.1.4. In order to reduce physical risks, the Company is implementing measures to adapt the electrical grid:

Climate risks	Examples of adaptation measures
Extremely high/low air temperature	• mandatory measures are implemented annually to ensure reliable operation of electrical grid facilities during fire hazardous periods and periods of high temperatures; • revision of standards in order to improve the reliability of power lines and transformer substations; • measures to maintain design temperature conditions of industrial buildings.
Changes in temperature, humidity and precipitation regimes, permafrost degradation	• monitoring of soil conditions in areas where the Company's production facilities are located in the permafrost zone; • monitoring the condition of the foundation and roof of buildings; • installation of anti-erosion systems that maintain the frozen state of the foundations of structures, buildings and overhead power lines.
Floods	• identification of flood and flood zones, prohibition of the use of these zones; • engineering protection of network facilities (dams, diversion channels, hydraulic obstacles); • inspection of anti-landslide, anti-landslide, bank protection and anti-mudflow structures; if damage is detected, measures are taken to restore them.

Hurricanes, tornadoes, hail, very strong winds, ice and frost conditions	• dismantling or replacing outdated or fragile buildings and structures, power line supports; • clearing of trees and shrubs; • strengthening industrial buildings; • determination of safe operating modes in strong wind conditions; • strengthening of linear structures, monitoring their icing; • training of emergency repair crew personnel.
Mudslides, snow flows, landslides	• regulation of surface water flow using vertical planning of the territory and installation of a surface drainage system; • rain and forest reclamation, artificial change in slope topography; • installation of anti-mudflow systems, retaining structures and structures; • establishment of security zones.

4.1.5. In order to reduce the negative impact of the Company's activities on the climate, the following measures are being implemented:

- reducing the consumption of fuel and energy resources for production and economic needs;
- reduction of electricity losses during its transmission to consumers;
- reducing the area of forests cut down during construction, reconstruction, and operation;
- minimal consumption of material and raw materials by improving the Company's environmental management system;
- development and creation of a charging infrastructure network for electric vehicles;
- development of new solutions for energy storage devices, introduction of energy storage devices.

4.1.6. The main activities implemented by the Company in order to manage the risks of the negative impact of climate change on the network infrastructure:

- organizing work to expand the climate monitoring system in the regions where the Company operates, including by supporting relevant initiatives at the federal, regional and municipal levels;
- risk management based on short- and medium-term climate change forecasts, taking into account scientific data and climate change adaptation plans.
- development and implementation of measures to minimize physical risks due to climate change.

4.1.7. In addition to the activities provided for in subclauses 4.1.4 - 4.1.6 of clause 4.1 of this Policy, the Company implements general activities on an ongoing basis:

- hydrometeorological monitoring and forecasting systems are being improved;
- standards are updated and revised in order to increase the reliability of the power grid;
- temperature control of equipment operation is carried out;
- ensures the readiness of workers, off-road vehicles, special equipment and mechanisms to carry out emergency restoration work and emergency supplies of materials;
- a set of measures is being implemented to maintain normal working conditions for employees, including carrying out unscheduled briefings to operational, maintenance and repair personnel about the possible adverse effects of abnormal weather conditions on health;
- insurance of property for industrial purposes is carried out, including taking into account the risks associated with extreme weather events.

4.2. Opportunities in implementing the climate agenda

Society views climate risks not only as a threat, but also as a source of potential opportunities. Climate change and increased attention to the sustainable development agenda will allow the Company to:

- expand the business as a result of connecting and adapting the operation of the electrical network to generation based on renewable energy sources;
- diversify business, increase competitiveness in the field of energy storage technologies.