

APPROVED BY
decision of the Board of
Directors of PJSC Rosseti
«14» April 2023
(Minutes dated 17.04.2023 # 615)

Appendix # 7 to the decision
of the Board of Directors of
Rosseti Centre, PJSC
(Minutes dated 26.12.2023 # 57/23)

**THE CLIMATE CHANGE
POLICY
OF PJSC ROSSETI**

**Moscow
2023**

1. General provisions

1.1. The climate change policy of Public Joint Stock Company “Federal Grid 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:

- identification of the main risks and opportunities relevant to the Company related to climate change;
- establishment of measures to reduce the negative impact of the Company’s activities on the climate and adaptation of the grid infrastructure to the negative impact of climate change;
- formation of a basis for 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 26 March 2003 No. 35-FZ “On the Electric Power Industry”;
- Federal Law of 2 July 2021 No. 296-FZ “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 of 21 July 2020 No. 474;
- Decree of the President of the Russian Federation of 4 November 2020 No. 666 “On reducing greenhouse gas emissions”;
- Doctrine of energy security of the Russian Federation, approved by Decree of the President of the Russian Federation of 13 May 2019 No. 216;
- Plan for implementation of a set of measures to improve state regulation of greenhouse gas emissions, approved by Order of the Government of the Russian Federation of 3 November 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 of 9 June 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 of 29 October 2021 No. 3052-r;
- recommendations for disclosure by public joint stock companies of non-financial information related to activities of such companies, provided for in the information letter of the Bank of Russia of 12 July 2021 No. IN-06-28/49;

– recommendations for taking into account by the board of directors of a public joint stock company ESG factors, as well as sustainable development issues, provided for in the information letter of the Bank of Russia of 16 December 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;
– the International Standards for Disclosure of Financial Information Related to Climate Change of the TCFD (Task Force on Climate-related Financial Disclosures - Working Group on Climate Change-related Financial Disclosure of 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 stakeholders 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 a decision of the Board of Directors of the Company.

3. Approaches to managing climate change issues

3.1. The main participants in climate change activities are:

– the Board of Directors of the Company;
– executive bodies (the Management Board and General Director) of the Company;
– Deputy General Directors of the Company in functional areas;
– structural divisions of the Company;
– a structural division 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 grows every year. The Company strives to minimize its own impact on the environment and make its contribution to achieving carbon neutrality.

The Company is an operator of transmission and distribution power grid facilities, 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 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 have an impact on the economy of the industry.

4.1.2. The Company identifies two groups of physical risks.

Climatic factor	Risk description	Mechanism of impact
1. Extreme weather events		
Increased wind speed and frequency of hazardous phenomena (gusts, squalls, tornadoes, etc.)	Exposure of grid infrastructure due to conditions not meeting design conditions	Faults on power lines associated with vibration, sub-oscillations, overlapping and broken wires, as well as damage to poles and metal structures
Increased frequency of heavy ice and frost deposits, wet snow accumulation		Faults on power lines associated with sagging, overlapping and broken wires, as well as damage to poles and metal structures
Extreme rainfall and flooding	<ul style="list-style-type: none"> – Exposure of grid infrastructure to flooding; – High water content, relief deformation 	Flooding of ground infrastructure, damage to equipment. Increase in landslides and destruction of foundations of buildings and structures
Increased frequency and intensity of extreme heat, including the urban heat island effect	<ul style="list-style-type: none"> – Exposure of grid infrastructure due to conditions not meeting design conditions; – Exposure of personnel to weather factors 	<ul style="list-style-type: none"> – Faults on power lines associated with sagging wires; damage to transformer substations; – Higher rates of mortality, morbidity and loss of productivity among staff
2. Irreversible climate processes		
Degradation (thawing) of permafrost	High exposure of buildings and grid infrastructure communications	Reduction of bearing capacity of foundations of buildings and structures, including power line poles

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

- increasing unevenness of electricity supply to the grid from new generation facilities with a shift in the energy balance towards renewable energy sources;

- changes in consumption patterns due to development of energy-saving technologies and electric vehicles;
- 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 grids;
- emergence of new large centres of electricity consumption, including for production of fuel with a low carbon footprint.

4.1.4. In order to reduce the physical risks, the Company implements measures to adapt the electric grid facilities:

Climate risks	Examples of adaptation measures
Extremely high/low air temperature	<ul style="list-style-type: none"> • mandatory measures are implemented annually to ensure reliable operation of power grid facilities during fire hazard periods and periods of high temperatures; • revision of standards in order to improve the reliability of power lines and transformer substations; • measures to maintain the design temperature conditions of industrial buildings.
Changes in temperature, humidity and precipitation factors, permafrost degradation	<ul style="list-style-type: none"> • monitoring of soil conditions in the 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 bases of structures, buildings and overhead power lines.
Floods	<ul style="list-style-type: none"> • identification of swamping and flooding zones, prohibition of the use of these zones; • engineering protection of grid facilities (dams, diversion channels, hydraulic obstacles); • inspection of anti-landslide, rockfall, 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 phenomena	<ul style="list-style-type: none"> • dismantling or replacing outdated or fragile buildings and structures, power transmission line poles; • clearing of trees and shrubs; • strengthening of industrial buildings; • determination of safe operating modes in strong wind conditions; • strengthening of line structures, monitoring their icing; • training of personnel for emergency repair crews.
Mudflows, snow-water flows, landslides	<ul style="list-style-type: none"> • regulation of surface water flow using vertical planning of the territory and installation of a surface drainage system; • agroforestry, artificial change in slope relief; • installation of anti-mudflow systems, retaining structures and facilities; • 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 implemented:

- reducing the consumption of fuel and energy resources for production and utility needs;
- reduction of electricity losses during its transmission to consumers;
- reduction of 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, implementation of energy storage devices.

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

- organization of work to expand the climate monitoring system in the regions of the Company’s presence, including through support of 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 adaptation plans to climate change.
- development and implementation of measures to minimize physical risks due to climate change.

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

- hydrometeorological monitoring and forecasting systems are improved;
- standards are updated and revised in order to increase the reliability of electric grid facilities;
- control of temperature conditions of equipment operation is carried out;
- ensuring the readiness and availability 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 implemented to maintain normal working conditions for employees, including unscheduled briefings to operational, maintenance and repair personnel about possible adverse impact 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**

The Company 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 electric grid to generation based on renewable energy sources;
- diversify business, increase competitiveness in the field of energy storage technologies.