

Environmental Policy of the Electric Grid Sector

The main objective of the state energy policy on environmental safety in the energy sector is to consistently limit the fuel and energy complex's environmental load by reducing emissions (discharges) of pollutants and reducing production and consumption waste.

PJSC Rosseti is the largest backbone company within the structure of the fuel and energy sector that manages the operation of grid organizations engaged in the transmission and distribution of electric power in the Russian Federation and provides consumers with highly efficient, environmentally friendly energy. At the same time, the Company's production activities include such environmental impacts as production waste disposal and physical impact.

In its activities, the company ensures compliance with the most advanced requirements aimed at reducing its environmental impact and has all the necessary mechanisms in place to prevent environmental risks. The company demonstrates its environmental commitment by implementing the following basic documents:

1. Unified Technical Policy. It implements the principles and obligations of the company to apply the most advanced technical solutions, eliminating the impact of harmful substances, methods and mechanisms on the surrounding ecosystem. It contains a list of technologies and materials prohibited for use (trichlorodiphenyls, fluoroplastic, synthetic polyolefin polymers);

2. Energy Saving and Energy Efficiency Program. It defines the goals and objectives for reducing the main indicator of electric power transmission — technological losses. Implementation of this program makes it possible to reduce the cost of electric power transmission in terms of reduction of the amount of reference fuel required to maintain the technological transmission process. In its turn, it provides the reduction of electric power generation at the stations and CO₂ emissions;

3. Innovative Development Program. Application of modern technical solutions SmartGrid, along with "flexible" power distribution systems from distributed environmentally friendly (solar, wind, water) generation ensures maximum efficiency and effectiveness of power transmission, optimizes its modes of operation, increases reliability and eliminates risks associated with technological failures and accidents in the work of electrical equipment. In addition, the Innovative Development Program is aimed at developing new technologies, materials and systems to replace the use of hazardous substances at facilities:

- static compensators using power electronics;
- application of new types of wires on OHLs and power cables on CLs;
- application of new types of high-altitude supports;

- application of high-voltage equipment with solid insulation;
- systematic transition to DC power transmission;
- application of "green" distributed generation;
- application of solid electrolyte batteries, etc.

The cumulative implementation of all programs and policies in the Company provides meeting the electric grid complex's environmental objectives.

The goal of implementing the electric grid complex's environmental policy is to preserve a favorable environment for current and future generations.

The environmental policy is based on the Constitution of the Russian Federation, federal laws and other regulatory acts of the Russian Federation, as well as the international environmental obligations of the Russian Federation.

The main "challenges" the electric grid sector faces in the field of environmental protection are as follows:

- reducing the share of obsolete equipment used at electric grid facilities and containing hazardous substances;
- reducing the amount of forest plantings to be cut when laying and maintaining clearings for overhead power transmission lines in forests;
- reducing the adverse environmental impact of the construction of electric grid facilities.

The main environmental policy implementation targets for electric grid companies are as follows:

- decommissioning 100% of equipment containing polychlorinated biphenyls, with subsequent transfer for destruction (2025);
- preserving biodiversity, including taking measures to prevent the reduction of bird populations listed in the Red Book of Russia;
- continuous improvement of the environmental management system in order to improve the environmental performance of the group of companies "Rosseti";
- reducing the consumption of fuel and energy resources for production and economic needs by 3% per year until 2022;
- bringing the share of passenger cars running on environmentally friendly fuels to 10% of the entire fleet (2025), provided that the total cost of ownership of such vehicles with a correction factor of 0.75 is comparable to the total cost of ownership of similar vehicles with internal combustion engines (gasoline, gas, diesel fuel) for 7 years.

The main directions of implementing environmental policy are:

- compliance with the requirements and standards established by the environmental legislation of the Russian Federation and international legal acts in the field of environmental protection;
- establishing uniform environmental requirements for the activities of electric grid organizations;
- expanding international cooperation in the use of environmentally friendly and energy-efficient technologies and equipment;
- giving priority to measures aimed at preventing harmful environmental

impacts over the implementation of measures aimed at eliminating the adverse environmental consequences of such impacts;

- taking measures to save energy and increase energy efficiency;
- using the best available technologies and innovations in the electric grid sector to ensure compliance with environmental protection requirements and minimize negative environmental impact, including the use of cable lines and self-supporting insulated wires in the distribution grid sector, as well as ultra-high towers for overhead lines of 110 kV and above
 - Replacing gasoline and diesel fuel with environmentally "clean" motor fuels and using electric vehicles in electric grid organizations;
 - developing the charging infrastructure and increasing the total share of electric transport in the Russian Federation;
 - limiting industrial and construction activities in areas of special environmental significance;
 - ensuring biodiversity conservation and restoration of disturbed lands;
 - phased decommissioning of equipment containing polychlorinated biphenyls, as well as oil-filled equipment with replacement by environmentally safe ones;
 - ensuring environmentally safe management of production wastes;
 - developing and improving the Company's environmental management system;
 - ensuring that contractors comply with the environmental protection and environmental safety laws of the Russian Federation and PJSC Rosseti when designing, constructing, reconstructing, and refurbishing electric grid facilities;
 - ensuring the openness and accessibility of environmental information and informing all stakeholders of accidents that have occurred, their environmental consequences, and remediation measures;
 - improving the system of industrial environmental control;
 - active participation in improving the regulatory and legal framework in the field of environmental protection and ecological safety;
 - involvement of personnel in activities aimed at ensuring environmental safety, environmental protection and rational use of natural resources;
 - improving the environmental protection and environmental safety qualifications of the personnel maintaining electric grid facilities;
 - continuously improving the image of PJSC Rosseti as an environmentally oriented company.

By adopting the environmental policy, PJSC Rosseti undertakes to follow its provisions in its operations.

This Environmental Policy applies to PJSC Rosseti and subsidiaries and affiliates of PJSC Rosseti and is recommended for use by territorial grid organizations.