

SUSTAINABLE DEVELOPMENT

OAO IDGC of Urals is one of the largest corporations of the Urals region, its key customers are enterprises of regional importance. The Company contributes to the development of the territories of its operations, providing reliable and faultless electricity supply to consumers and connecting industrial enterprises and social facilities to the network.

In its activities IDGC of Urals strives to reflect opinions of all stakeholders and adhere to sustainable development principles. To give a true picture of its performance, the Company discloses a wide range of non-financial indicators.

PERSONNEL MANAGEMENT

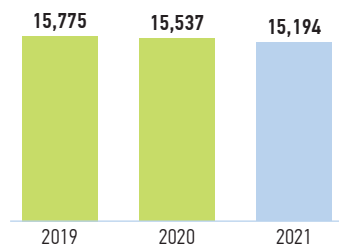
2021 Achievements

Key goals of the Company’s HR policy focused to achieve strategic goals of the Company and power grids are:

- 1) Planning of recruitment needs: provision of reliable information about on-the-spot and forecast labor force needs of the Company to achieve the goals.
- 2) Well-planned and timely recruitment.
- 3) Securing of personnel efficiency and labor productivity growth.

The average headcount of OAO IDGC of Urals in 2021 totaled 15,194 workers (-2.2% YoY). Decrease of the average headcount was due to measures focused on enhancing operating efficiency, personnel expenses to improve business financial sustainability.

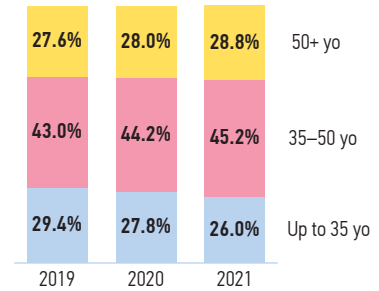
Average headcount in 2019-2021



The overall staffing in 2021 totaled 97%, with staffing of production personnel reaching 97%. Active staff turnover was 6.3%. Average age in 2021 declined in comparison to 2020 to total 43 yo (2020: 45 yo), mainly, as a result of increased share of 35–50 yo workers (+2.2 percentage points) for the last 3 years.

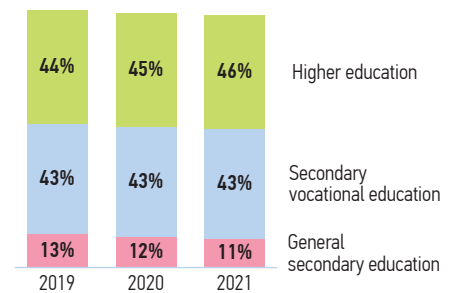
The share of “up-to-50 yo” personnel contributes the most (71.2%) to the overall personnel structure.

Personnel age structure in 2019-2021



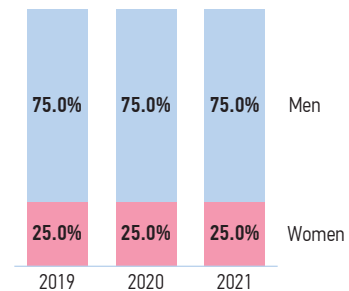
The staff is characterized by a considerably high qualification level: 89% of employees have professional education. The metrics remain stable for the last 3 years (+2.0 percentage points). Analysis of personnel education structure shows that the share of personnel without professional education gradually goes downwards from 13.0% in 2019 to 11.0% in 2021 (-2 percentage points).

Personnel education structure in 2019-2021

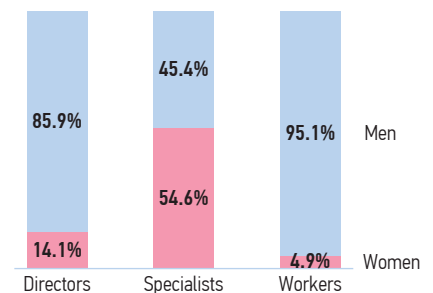


The employee gender structure is similar to the gender structure of grid companies. As of 31 December 2021, the share of men is 75%, the share of women reaching 25%, respectively. Category analysis in 2019–2021 is shown on the graphs below.

Personnel gender structure in 2019-2021



Personnel gender structure by categories in 2021



Drilling and further training of the personnel

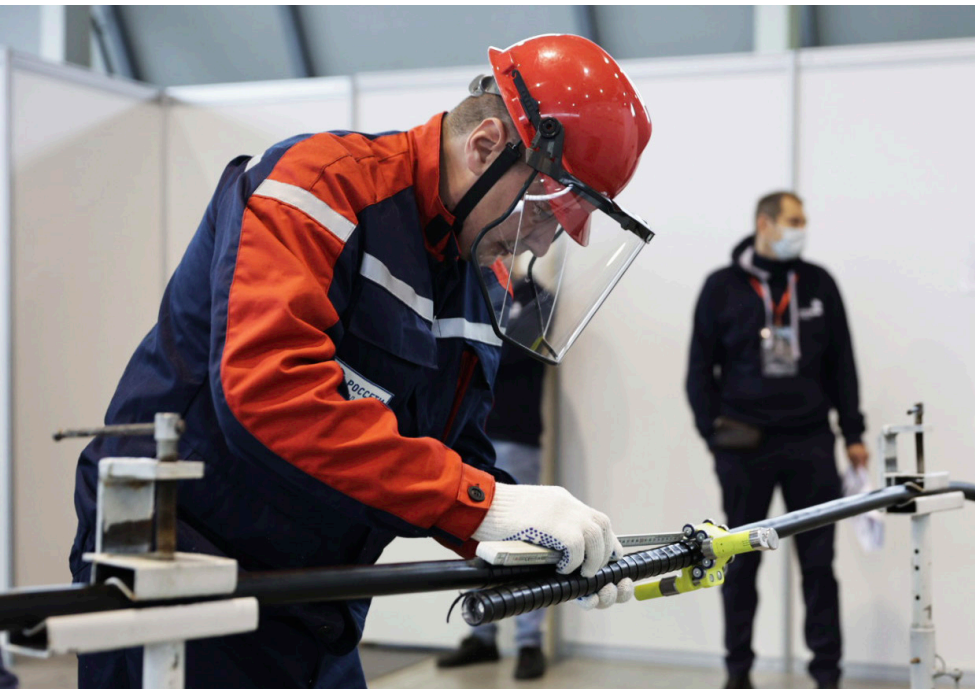
Training is one of the Company's HR policy priorities. It is regulated by the Company's Personnel Training Regulations and Rules of Personnel Training in Energy Sector Companies. The share of employees that underwent off-the-job drilling in the total average headcount is 68.7% or 10,438 workers. It exceeds the target indicator of 30%, stipulated in the HR and social policy (+772 workers YoY). Production personnel has the largest share among employees that underwent training — 92.9% or 9,697 workers. In 2021, the corporate educational facility (Educational Center of IDGC of Urals) has trained, drilled and retrained 8,012 employees (53% of the average headcount), with 51% of the average headcount or 7,805 employees belonging to the production personnel.

2021 actual training expenses totaled RUB 95,670.4 thousand, with RUB 84,823.4 thousand or 88.7% spent on training of production personnel and RUB 65,801.07 thousand or 68.8% spent on training provided by the corporate educational facility. In 2020, actual training expenses totaled RUB 69,197.9 thousand, RUB 51,748.6 thousand or 74.8% spent on training provided by the corporate educational facility. Expenses on personnel training ensure mandatory training and training, stipulated by occupational standards. Development of e-learning became a priority in 2021. 4,517 employees or 43.3% of the total trained personnel used distant learning technologies.

Educational Center of IDGC of Urals is one of the core educational partners offering over 300 licensed programs for drilling, training and retraining in various spheres to satisfy Company's requirements in drilling of workers, clerks and divisional managers. In 2021, 38 programs used distance learning technologies. Besides Educational Center of IDGC of Urals, the Company's key educational partners are Urals Federal University named after the First President of Russia B.N. Yeltsyn, Urals Center of Technical Education, GAOU SPO SO "Yekaterinburg Energy College", FBU "Training and Methodological Center of Rostekhnadzor", FGAOU DPO "St. Petersburg Energy Institute of Advanced Training", UrMF FGBU "VNII of Labor of Russian Ministry of Labor, ANO DPO Center of Technical Certification and Training, ANO DPO Educational Center "Perspektiva".

The key vectors of personnel training in 2021 were, primarily, mandatory fields of study for production personnel — energy-related activities, industrial and labor safety, environment and fire safety, industry-wide professions, etc. The Company continued implementing occupational standards, programs for employees, inconsistent with education or training-related requirements, stipulated by occupational standards as well as programs on development of managerial competencies for managers at all levels.

The Company constantly participates in WorldSkills corporate championships, thus supporting promotion and enhancing the value of blue-collar professions among young generation. Educational Center of IDGC of Urals hosted preliminary rounds of the WorldSkills Russia National Competition (skill: Exploitation of cable power lines). Power engineers from Sverdlovenergo, Permenergo and Chelyabenergo branches, dealing with cable power lines, took part in the event. To capitalize on international experience and enhance the quality of blue-collar professional training Educational Center of IDGC of Urals hosted Rosseti's WorldSkills Open Corporate Competition (3 skills: RPA Maintenance and Repair, Exploitation of cable power lines and Smart Metering). To develop managerial competencies, in 2021 the Company implemented "Leadership: From inside to outside" program, covering acquisition of tools for manager's personal efficiency, tools for managing internal environment of a firm and mechanisms for interaction with external environment. Program's events included a research-to-practice conference involving representatives from Energynet, Rosseti.Tsyfra and research communities from the Urals Federal University and Moscow State University.





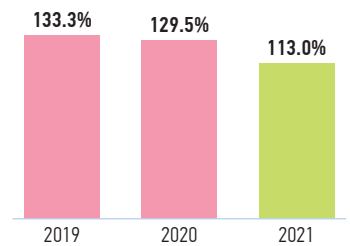
The Company actively participates in career planning of its employees with a view to replace and occupy positions with qualified workers, to provide staff with new practices and maintain their interest and drive. Regular training of employees, development of their professional and management competence, required for target position, is a part of labor pool activities. Pursuant to the bylaw on labor pool activities, the Company has two types of labor pools — administrative and youth labor pool reserves, to be formed both on branch and HQ levels. In 2021, we have revised the headcount of our administrative and youth labor pool reserves. In 2021, the administrative labor pool reserves consisted of 730 best-in-class employees. On the whole, the staffing level of the administrative labor pool reserve is 79.6% of all administrative positions. The youth labor pool reserve totaled 134 employees by the year-end. As a part of administrative pool promotion, the Company engaged succession pool members in activities fostering competences required for target positions, sent them to competence-developing educational programs. In 2021, 86% of senior positions (423 out of 494 positions) were in-house staffed, incl. 65 employees (15.4%) from the administrative and youth labor pool reserves.

Personnel remuneration system

The Company implements the principle of remuneration for work in terms of employee’s skill, complexity and quality of work. Employee remuneration procedure is governed by the Single Compensations and Benefits Policy, in strict compliance with the laws of Russia on compensations and benefits, and uses the following principles as a basis:

- equal pay for work of equal value;
- reasonable wage levels for various types of employees, depending on complexity and qualification;
- creation of equal opportunities for wage growth for all worker categories.

Average employee salary / Average regional salary, %



For the last three years the average salary in OAO IDGC of Urals exceeds the average regional salary.

Social policy

OAO IDGC of Urals’ collective agreement regulates social and labor relations. The Company’s social policy is based on the principle of social partnership. The parties of the social partnership, on parity basis, deliver joint projects for the benefit of the employer and employees and share a joint control over implementation of the collective agreement.

Primary goals of Company’s social policy are: veteran, employee and employee family care; preserving of socially responsible corporate image to attract and retain highly-qualified staff; preserving of benevolent working environment; securing of post-retirement decent living.

The social program of the Company determines vital social projects, implementation steps and funding. The program includes the following aspects:

Health treatment of employees and their children

During 2021, 876 employees and 560 children underwent health treatment in year-round children sanatoriums and resort facilities.

Private health insurance scheme

The Insurance Coverage Regulations, adopted by the Company's Board of Directors, state that each employee of the Company is provided with private health insurance scheme and personal accident and sickness insurance at the expense of the employer. Insurance coverage of the personnel is based on the integral private health insurance scheme, guaranteeing timely and high-quality medical and other related services. Corporate programs include a wide range of medical services provided by the best state, institutional and commercial medical institutions operating in Russia. Personal accident and sickness insurance guarantees insurance payouts to employees (relatives) due to loss of productivity, medical condition or death as a result of any accident. Personal accident and sickness insurance is active 24/7/365 all over the world.

Non-state pension schemes

The Company promotes non-state pension schemes under a contract with AO NPF Otrkytie and NPS program, approved by the Board of Directors every year. The NPS program was designed to secure post-retirement decent living of employees, to promote efficient HR solutions related to hiring, retention and motivation of employees. 3,000+ retirees collect non-state pension from the Company in addition to their state one.

State, industry and corporate awards

1,401 employees were awarded for best performance and contribution into development and improvement of the Urals grid facilities: President's and Government's awards (6 employees), ministry awards (60 employees), ERA of Russia awards (85 employees), corporate awards (1,250 employees).

Corporate support in employee housing improvement

In 2021, 358 employees obtained corporate support in housing improvement (compensation of mortgage interest) under the bylaw on corporate support in employee housing improvement.

Veteran activities

In 2021, a special attention was paid to the veterans of the Company. The Company has the Veteran Coordination Council to oversee and administer branch veteran councils. The Veteran Coordination Council covers over 5,810 retirees of the Company. For two consecutive years the veteran coordination councils in branches function in the midst of pandemic. Despite this, councils managed to re-arrange their work in line with anti-pandemic requirements and conduct almost all key activities from the plan. The majority of events in 2021 were arranged and conducted remotely, thus, mitigating the risks for COVID infection, providing support to veterans.

Privileges, guarantees and compensations, paid to employees in line with the collective agreement

Death gratuity payment, disability benefits, compensations paid to children of the perished workers, etc.

Activities for employees and their families

In 2021, due to the COVID-related restrictions, most of intracorporate communications were arranged online. To promote healthy life-style and sports 100 employees participated in online running, cycling and cross-country skiing contests via Vmarafone platform, arranged with support of the Ministry of Energy. In branches teams competed in regional contests in various sports, complying with sanitary norm designed to cap the spread of coronavirus infection. Owing to highly developed sport traditions, Company's employees repeatedly won regional competitions in all regions of Company's presence. In 2021, Rosseti Urals' chess team participated in the XI online open chess tournament in the memory of M.M. Botvinnik.



In 2021, the Company continued to actively participate in online initiatives and flash mobs dedicated to state holidays. Thus, during Victory Day celebrations, "WE REMEMBER" art object was mounted near the Company's office building to remind citizens and visitors of great braveries of soviet soldiers and home front workers and to foster patriotism among young generations. Employees shared memorable video stories on the Great Patriotic War, narrated by their relatives, in social media. Employees also took an active part in other online projects dedicated to the Victory Day, Russia Day, Russian Flag Day, People Unity Day celebrations.



The museum of the Urals energy sector, curated by Rosseti Ural, became a participant of “Night of Museums” event for the 7th time. The museum conducted excursions on its historical exhibition devoted to the 100th anniversary of the GOELRO plan, arranged a kid-oriented technology park with energy-related activities and experiments and set up a mobile street cinema demonstrating video clips on electrification of the Urals and Kama region.

In 2021, Rosseti Urals continued to implement a wide range of measures to prevent COVID infesting among employees. More than 30% of employees were shifted to remote working. All requirements of regional authorities and Rospotrebnadzor in terms of COVID-10 prevention were fully complied with. The Company arranged temperature monitoring and mandatory disinfection of premises as well as regular COVID-19 testing. These measures helped promptly isolate employees and prevent COVID spread among the staff. Employees had all required personal protective gear, bought by the Company (masks, sanitizers). The Company conducted regular large-scale information campaigns on COVID-19 prevention, flu and COVID-19 vaccination. The Company and medical institutions jointly arranged COVID-19 vaccination for employees and their relatives in each branch and production department. To stimulate vaccinated employees the Company granted a paid leave after vaccination. At present the Company reached the level of vaccination required for herd immunity.

Charitable programs

Rosseti Ural, being a company with high social responsibility, has stable charity traditions. In 2021, the Company rendered charity assistance of RUB 20.85 million. Promotion of volunteer services among employees traditionally occupies a special place in the charity practices. In 2021, employees conducted traditional large-scale socially-oriented projects: “Rosseti Ural — Territory of Kind-Heartedness” (collection of clothing, hygiene, toys) and “Blood donations save lives” (blood donations). The events took place in the Sverdlovsk, Chelyabinsk and Perm regions. Rosseti Ural enhances the efficiency of social programs to maintain the achieved level of social protection.

Youth Policy

ОАО ИДГК of Urals is actively involved in the following youth outreach activities.

- **Schoolchildren:** excursions to Company’s energy facilities, classes on electric safety, first aid, theory of Electrotechnics, career-guidance meetings, Rosseti’s All-Russia Schoolchildren Olympiad (Urals region); participation in “A ticket to Profession” municipal reality show (9–10th grade students), mentorship of 3 Electrotechnics projects in “Sirius. Summer. Start your project” program (in collaboration with Urals Energy Institute of the Urals Federal University named after B.N. Yeltsyn).
- **Students:** to foster internship training of young professionals the Company collaborates with 9 higher and secondary professional educational institutions.
- **Professional and social adaptation of young specialists** is an important direction of youth policy, carried out on the principles of partnership. The Company’s Young Professionals Council supports moral, professional, intellectual, physical and creative development of young professionals; helps adapt newly hired young professionals; participates in career-guidance and strengthening of corporate culture and traditions of the Company.

Activities for young professionals included involvement of the Company’s employees in:

- Forsazh International Forum for Young Power Engineers and Industrialists;
- International Youth Energy Forum;
- participation in a project on formation of youth’s forecast regarding FES development and energy efficiency of Russian economy.

In 2021, a Company’s team of young professionals won the 1st “Young specialist of the year” national award with their “What’s the wire’s buzz about?” podcast promoting and enhancing the value of energy profession.



Labor protection

Labor protection expenses, RUB million

2019	2020	2021	2021/2020, %
369.351	463.196	427.489	-7.7%

In 2021, there were 4 safety incidents, with 2 incidents caused by employees (2 fatalities); 2 group incidents caused by outsiders as a result of traffic rules violations (3 light injuries, 1 serious injury).

ENVIRONMENT PROTECTION

Environmental Policy

ОАО ИДГК Урала, being one of the largest distribution grid companies of Russia, is interested in environment safety and compliance of its operations with environmental regulations. Company’s facilities (power lines, substations, production sites) have minor impacts on the environment. The Company’s operations include such environmental impacts, as waste generation, physical effect, air contamination (minimal emissions); the Company has no wastewater discharges to surface water bodies.

ОАО ИДГК Урала acceded to the Environmental Policy of the Energy Sector and took obligations to follow its statements in its operations. The focus of the Environmental Policy is to preserve a benevolent environment for current and future generations. Key directions of the Environmental Policy are:

- compliance with domestic and international environmental legislation;
- priority of prevention of adverse environmental impact over liquidation of adverse environmental consequences;
- energy-saving and energy efficiency activities;
- application of best-in-class affordable technologies and innovations, ensuring compliance with environmental requirements and minimization of adverse environmental impact;
- preservation of biodiversity and rehabilitation of disturbed soils;
- stage-by-stage decommissioning of PCB-bearing and oil-filled equipment and its replacement with environmentally-friendly one;
- development and improvement of the Company’s Environment Management System;
- improvement of production environmental control system;
- upgrading of environmental skills for maintenance and repairs teams.

ОАО ИДГК Урала has 191 facilities with an adverse impact on the environment, incl. 116 III category facilities and 75 IV category facilities. ОАО ИДГК Урала has a license for collection, transportation, processing, utilization, deactivation, dumping of hazard Class I-IV waste (in terms of transportation of hazard Class I-IV waste)³³. The Company has all permission documentation. In 2021, we prepared drafts of the sanitary protection zones for 20 production sites, obtained sanitary and epidemiological inspection reports on the compliance with sanitary rules and norms. Boundaries of sanitary protection zones are set on the boundaries of the sites.

ОАО ИДГК Урала extracts groundwater at 10 wells under the extraction licenses for in-process and service water supply, incl. firefighting, of production and maintenance depots.