

SGS Vostok Limited (a member of the SGS Group) carried out the supervision audit in April 2020 and confirmed that the Company's Management System was compliant with the requirements of the International Standards for the Quality Management System ISO9001:2015, the Occupational Health and Safety Management System OHSAS 18001:2007, and the Environmental Management System ISO 14001:2015 in the Krasnodar and Ust-Labinsk power grids and the Executive Office. The certifying body thus concluded that the Management System of Rosseti Kuban was fully functional, well-designed, and capable of achieving the goals outlined in the Company's Quality, Environmental, and OHS Policies.

The results of the recertification audit carried out by the Russian Register Certification Association in 2020 showed that the Company's Management System was compliant with the International Standard ISO 50001:2018 for the Energy Management System in Leningradskaya, Timishevsk, Tikhoretsk power grids, and the Executive Office. The certifying body thus concluded that the Management System of Rosseti Kuban was fully functional, well-designed, and capable of achieving the goals outlined in the Company's Energy Policy.

Rosseti Kuban focuses on environmental protection and safety, as it recognises friendly environment as a constitutional human right and strives to continuously improve its image of an environmentally oriented company.

Rosseti Kuban's Environmental Management System is certified for compliance with the International Standard ISO 14001:2015 for the Environmental Management System. Requirements and directions for use. See the information on the operation of the system in Sustainable Development.

The COVID-19 pandemic affecting the world in 2020 left an indelible imprint on the Company's activities and the progress of the Company's IMS processes. Some aspects of the Company's activities went online, in particular, customer servicing, which previously took place in service centers. Such a transition was made without any particular difficulties due to the development of online services, such as "The Light Country" portal, the "Light-online" internet service, a user's account on the official website of Rosseti Kuban, and a call center.

External and internal IMS audits were also carried out remotely.

In general, the IMS performance in 2020 had positive results, which is confirmed by the conclusions of the certification bodies.

## Grid Development in Rosseti Kuban and the Region

THE MAIN OBJECTIVE OF THE LONG-TERM DEVELOPMENT OF THE COMPANY'S POWER GRID CONSISTS IN FINDING THE BEST POSSIBLE DIRECTION OF MODERNIZATION AND EXPANSION OF THE GRID TO MAKE UP FOR A SHORTFALL OF GENERATING CAPACITIES AND SATISFY A POTENTIAL DEMAND FOR GENERATING CAPACITY IN THE LONG TERM.

In 2020, acting under Decree of the Russian Federation Government No. 823 dated October 17, 2009, On Roadmaps for Prospective Electric Power Industry Development, Rosseti Kuban participated in drafting such roadmaps for Krasnodar Territory and the Republic of Adygea for five year.

Representatives of Rosseti Kuban (Deputy Director General for Technical Issues, Chief Engineer and Deputy Director General for Development and Grid Connection) were included into the acting coordinating bodies of Krasnodar Territory and the Republic of Adygea responsible for drafting such roadmaps, namely:

- the interdepartmental Electric Power Industry Development Roadmap Panel of Krasnodar Territory established by Decree of the Governor No. 181-p dated February 11, 2011, On Establishing an Interdepartmental Panel to Draft the Electric Power Industry Development Roadmap for Krasnodar Territory;
- the Electric Power Industry Development Roadmap Panel of the Republic of Adygea (established by Order No. 26-p of the Ministry of Economic Development and Commerce of the Republic of Adygea dated February 1, 2011, On Establishing the Panel.

Roadmap for Prospective Electric Power Industry Development in the Krasnodar Territory for 2021–2025 as approved by Decree of the Governor of Krasnodar Territory No. 98-p dated April 30, 2020.

Roadmap for Electric Power Industry Development in the Republic of Adygea for 2020–2024 as approved by the Head of the Republic of Adygea's Decree No. 89-rg dated April 30, 2020.

Pursuant to the Roadmaps, the Company shall focus on developing the most challenging parts of Kuban's grids (South-Western and Central) that direly need their grid infrastructure improved.

To better plan the development of its grids, efficiently utilize the existing grid capacity, increase the grid load, and cut the grid development costs, the Company is drafting its Comprehensive Program for the Development of Company's Grids for 2020–2024 and up to 2026.

In 2019, the Company entered into an agreement with Federal Research Center PJSC for the development of this Program. Currently, the Program has been developed for the second stage (for 2021–2025), it is being adjusted taking into account the remarks of Rosseti Kuban and Kuban RDO dispatching center (branch of SO UES, JSC).

On February 24, 2021, the materials of this Program were submitted to the executive authorities of Krasnodar Territory and the Republic of Adygea as source data for drafting and approval of the regional roadmaps in 2021.

## Technological Development and Innovation

### Technical Policy

THE COMPANY'S BOARD OF DIRECTORS APPROVED ROSSETI'S REGULATION ON THE UNIFIED TECHNICAL POLICY IN THE POWER GRID COMPLEX AS THE COMPANY'S INTERNAL DOCUMENT DATED DECEMBER 25, 2019 (MINUTES NO. 369/2019).

THIS UNIFIED TECHNICAL POLICY SETS FORTH A COMBINATION OF TARGETS, PRINCIPLES, AND EFFICIENT TECHNICAL, TECHNOLOGICAL, AND ORGANIZATIONAL REQUIREMENTS AND SOLUTIONS TO IMPROVE THE EFFICIENCY, RELIABILITY, SAFETY, AND COST-EFFECTIVENESS OF ELECTRICITY DELIVERY AND DISTRIBUTION SO AS TO PURSUE THE DEVELOPMENT STRATEGY OF THE POWER GRID COMPLEX OF THE RUSSIAN FEDERATION.

THE POLICY ALSO SEEKS TO ENABLE THE COMPANY TO OPERATE AND SOLVE ITS PROBLEMS UNDER THE DIGITAL TRANSFORMATION 2030 CONCEPT.

The Company's key and most important investment projects use the advanced cutting-edge solutions pursuant to Rosseti's State on Unified Technical Policy in the Power Grid Complex.

