

Information security risks and cyberthreats

Due to a rise in cyberthreats at the Company, the following information security vulnerabilities were identified:

- Disruption and/or interruption of the information infrastructure and telecommunication systems of power grid facilities caused by cyberattacks. This risk is assessed as significant due to the high level of consequences associated with disconnection of electricity consumers, material damage and reputational risks of the Company
- Undue influence on power grid facilities and their information and telecommunication systems (of a terrorist, subversive, criminal or other nature), including through the use of information technologies caused by unlawful actions of third parties. This risk is assessed as significant and is characterised by a high level of consequences associated with long-term disconnection of electricity consumers,

equipment failure, material damage to the Company, as well as harm to the health of the Company's personnel

In order to reduce (minimise) the above risks, the Company takes the following measures:

- Installation of technical security equipment, video surveillance systems, access control system and security alarm system
- Physical security of the most critical fuel and energy facilities of the Company
- Renovation of security equipment at the fuel and energy facilities as set forth in the Company's investment programme
- Inclusion of information security requirements in technical design specifications for information infrastructure facilities and telecommunication systems of power grid facilities, control over the subsequent construction of facilities in compliance with the technical specifications

- Constant control over the actions of the Company's employees by means of information security systems
- Monitoring and analysis of external information security events
- Use of certified information security means

obligations to comply with the requirements of environmental legislation and performs the following measures:

- Implements the Programme of measures aimed at ensuring environmental safety and protection of the environment
- Modernises equipment and applies innovative and environmentally friendly technologies in the renovation, retrofitting and construction of power grids, including decommissioning of polychlorinated biphenyl-containing equipment and replacing it with environmentally friendly equipment
- Monitors the negative environmental impact, complying with the established permissible impact rates, and submits to the regulatory authorities information on the protection of atmospheric air and on the generation, processing, utilisation, disposal, neutralisation, and disposal of production and consumption waste

- Ensures that suppliers of products and services comply with the requirements of legislation, standards, codes and internal documents of the Company regarding environmental protection and environmental safety

The Company's business philosophy is to continuously develop the professional skills of its employees and to create a favourable social and production environment. Social rights of the Company's workers extend to just and favourable conditions of work, protection against unemployment, fair and satisfactory remuneration, equal pay for equal work, the opportunity to maintain the health and well-being of the people and their family, and education.

The Company seeks to respect the social rights of its employees, including protection from unemployment and fair remuneration. The Company reimburses

sports costs, raises the level of education of its employees, provides corporate support to improve the housing conditions of its employees, and implements a separate housing programme for employees recruited to the Company from other regions.

Risks related to non-compliance with social rights and guarantees of employees are medium-term by time of impact. Considering the high responsibility of the Company in realising its social obligations, these risks are assessed as moderate.

Risks pertaining to sustainable development

The focus of the Company's management is on health and safety, employee development, mitigating negative environmental consequences, and other ESG concerns, which are continuously monitored by dedicated divisions. Sustainable development risks are managed within the framework of the Company's RM&ICS. Risk assessment and management take a variety of factors into account, including ESG, which helps the business comply with its sustainability standards.

Risks related to the impact of climate change on the Company's operations are short-term in terms of impact time but have a significant level of consequences. The Company assesses them as significant as they may have a negative impact on the quality and reliability of power supply.

High outdoor air temperature in summer, typical for the region of the Company's presence, may entail the risk of overloading power supply centres, which causes a decrease in the quality of power supply

to consumers. In order to minimise this risk, the Company constantly implements security procedures to redistribute loads between power supply centres, and it also incorporates measures to increase the capacity of power supply centres into the Company's investment programme.

Natural disasters such as hurricanes, intense rain, floods, snowdrifts, mudflows, etc., increase the likelihood of emergencies in the areas where the Company works. These events could cause material harm to the population, public utilities, housing and social facilities, as well as disrupt power supplies and transportation networks. In order to minimise the impact of adverse weather conditions, the Company takes the following steps:

- Continuous monitoring of weather conditions with the development and implementation of action plans to reduce the consequences for the Company (during spring high water and floods, during the thunderstorm season)

- Preliminary planning and adjustment of equipment repair schedules with due regard to weather conditions
- Emergency recovery work
- Co-operation with the insurance company in order to obtain indemnities to compensate for damage caused to the Company's insured property by natural disasters

Given the extent to which production activities affect soil, atmospheric air, surface and subsurface subsoil, flora and fauna, the Company pays close attention to mitigating adverse effects on these natural environment components and guaranteeing environmental safety at power grid facilities. Risks related to the Company's environmental impact are long-term in terms of time of impact and are assessed by the Company as moderate, given the implemented set of environmental risk management measures. In order to minimise these risks, the Company undertakes

