

# HUMAN RESOURCES MANAGEMENT

## RESULTS OF HR POLICY

The below are the key objectives of Personnel and Social Policy of the Company intended to meet the targets of the Russian Power Grid Industry Development Strategy:

- Planning the workforce requirements — availability of accurate information on current and forecasted labour demand, both quantitative and qualitative, as necessary and sufficient to achieve the Company's objectives
- Recruiting necessary skills when needed
- Improving the performance and increasing labour efficiency across the Company

These key objectives of the Personnel and Social Policy are met by implementing the range of measures in various aspects of the Company activities and achieving the targets set in the following areas:

- Organisational design
- Headcount management
- Human resourcing and personnel development
- Personnel performance management (personnel motivation)
- Social benefits and social protection
- Occupational safety and work culture

The following actions were taken and put into effect in order to maintain a high level of social protection for Rosseti Kuban employees, to

offer workers guarantees and compensations, and to reduce the number of diseases among employees of the Company in 2022:

- Conclusion of the Collective Bargaining Agreement between the employer and employees of Rosseti Kuban for 2023–2025
- Active training of employees to reduce work-related accidents and upgrade staff skills
- Non-recurrent financial assistance to employees and veterans
- Distance learning for the Company's employees, as far as the programmes for which the distance format can be implemented are concerned

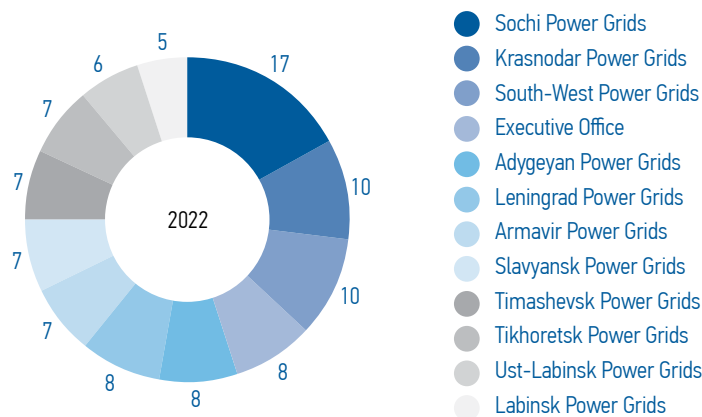
## STAFF HEADCOUNT AND BREAKDOWN

The average headcount of Rosseti Kuban for 2022 was 8,767, down 1.2% from 2021. This insignificant decrease in the average headcount was caused by the natural movement of employees.

**AVERAGE HEADCOUNT OF ROSSETI KUBAN IN 2020–2022 (PEOPLE)**



**BREAKDOWN OF AVERAGE HEADCOUNT OF ROSSETI KUBAN BY BRANCHES IN 2022 (%)**

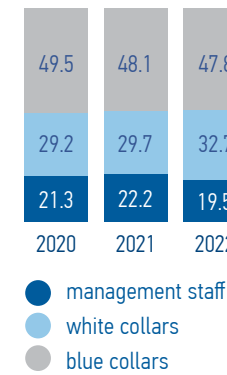


In 2022, the Company's staffing level was 93.9%, whereas production staffing level was 93.2% (target – 97%).

Voluntary employee turnover rate was 7.4%. Over 2022, 1,210 employees were hired, of whom 1,014 people (83.8%) were production personnel and 40 people (3.3%) – support staff.

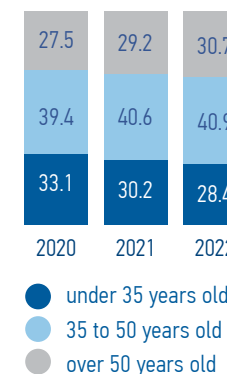
The employee breakdown by categories is representative of the power grid companies and has remained quite stable for the last three years: blue collars account for 47.8%, managers – for 19.5%, and white collars – for 32.7%.

**STAFF STRUCTURE BY CATEGORY IN 2020–2022 (%)**



The average age of the Company's employees in 2022 was 43.7 years old (43 years old in 2021). Over the past three years, there has been an increase in the share of employees aged 35 to 50 (+0.3 p.p.) against a decrease in the share of employees under 35 (–1.8 p.p.) and the larger share of employees over 50 (+1.5 p.p.).

**STAFF STRUCTURE BY AGE IN 2020–2022 (%)**



**ANALYSIS OF VOLUNTARY TURNOVER IN THE COMPANY IN 2020–2022 (%)**

Voluntary turnover rate	2020	2021	2022	Δ 2022/2021 (p.p.)
<b>Total for the Company</b>	<b>6.6</b>	<b>10.5</b>	<b>7.4</b>	<b>–3.1</b>
<b>By age class:</b>				
→ under 35 years old	9.7	14.6	11.7	–2.9
→ 35–50 years old	6.6	10.2	7.1	–3.1
→ over 50 years old	3	6.5	3.9	–2.6
<b>By gender:</b>				
→ women	8.6	9.1	6.5	–2.6
→ men	6.0	10.9	7.8	–3.1
<b>By region:</b>				
→ Republic of Adygeya	5.3	13.9	6.7	–7.2
→ Krasnodar Territory	6.7	10.2	7.5	–2.7

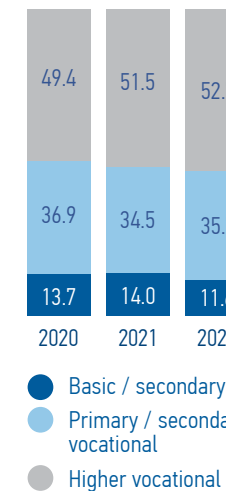
The employees of the Company have a decent level of education; 88.4% of them have a professional background, and 11 of them have a candidate's degree. According to an analysis of the dynamics of the educational level of the Company's workforce, the share of employees without a professional degree is decreasing annually while the share of employees with a higher level of education is rising. Decrease over the last three years in the share of employees with no professional education – from 13.7% in 2020 to 11.6% in 2022 (down 2.1 p.p.) and increase in the share of employees with higher education – by 3.3 p.p.

**88.4%**

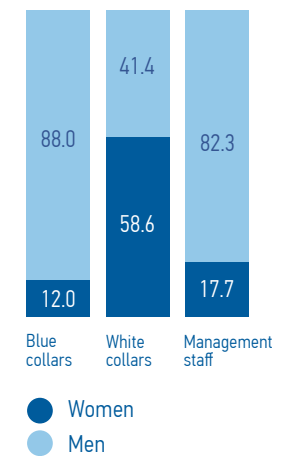
of employees have a vocational education

The gender composition of the Company's employees also fits the typical profile of power grid companies. As at 31 December 2022, the percentage of men and women employed by the Company is 71.6% and 28.4%, respectively; the category-wise analysis is shown in the diagram below.

**STAFF STRUCTURE BY EDUCATION LEVEL IN 2020–2022 (%)**



**STAFF STRUCTURE BY GENDER IN 2022 (%)**



## STAFF TRAINING AND DEVELOPMENT

Employee training is one of the priorities of the Company's human resources and social policies; it is regulated by the following documents:

- 📄 Rules for Personnel Management in the Electric Power Industry of the Russian Federation approved by Order No. 796 of the Ministry of Energy of the Russian Federation dated 22 September 2020
- 📄 HR management procedure of Rosseti Kuban approved by Order No. 774-od dated 12 December 2022
- 📄 Regulations on Personnel Training at Rosseti Kuban approved by Order No. 681-od dated 26 November 2020
- 📄 Other regulatory documents and prescriptions and recommendations of the supervisory authorities

The Company's main provider of educational services is the in-house training centre, the Energy Institute for Continuing Education of Kubanenergo (hereinafter referred to as the Institute). In the reporting year, the share of the Institute's trainees was 91% of the total number of the Company's employees trained.

### TRAINING OF ROSSETI KUBAN PERSONNEL IN 2020–2022

Indicator	2020	2021	2022	Δ 2022/2021 (%)
Number of off-the-job trainees (people)	8,258	8,530	12,609	+47.8
Including production personnel (people)	7,373	7,195	10,149	+41
Distribution of employees who participated in on-the-job training programmes by category (%)	Managers – 38.2 White-collar – 23.7 Blue-collar – 38.1	Managers – 40.8 White-collar – 18.7 Blue-collar – 40.5	Managers – 52.1 White-collar – 20.7 Blue-collar – 27.2	Managers +11.3 p.p. White-collar +2.0 p.p. Blue-collar -13.3 p.p.
Ratio of employees who received off-the-job training to average headcount (%)	92	96	144	+48.0 p.p.
Number of employees who participated in educational programmes delivered through distance learning (people)	5,017	2,821	2,894	+ 2.6
Number of employees trained, retrained and up-skilled in-house training centres (people)	7,044	7,695	11,485	+49.2
Including production personnel (people)	6,545	6,801	9,820	+44.4
Number of training programmes implemented at the Institute in distance learning format	46	76	42	-44.7
Average number of hours of training per employee (academic hour)	64	66	65	-1.5
Average number of training hours per employee by gender (man-hours)	Women – 32 Men – 73	Women – 36 Men – 76	Women – 40 Men – 75	Women +11.1 Men - 1.3

The number of employees who received off-the-job training in the reporting year increased by

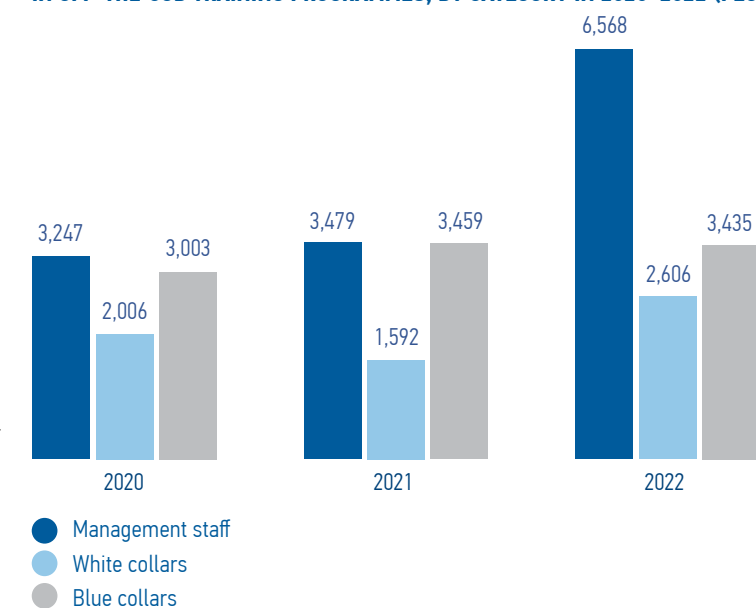
# 47.8%

With the existing ratio of the off-the-job trainees in 2022 to the average headcount, the key indicator (30%) of the Company's Personnel and Social Policy is achieved.

In 2022, there were fewer distance learning programmes at the Institute. This decline can be attributed to changes in the legal framework, which mandated that all employee training be conducted in person (both theoretically and practically), as well as the removal of anti-covid procedures.

A significant share of the personnel falling under managers and blue-collars categories in the total number of the trained personnel is explained by the mandatory nature of training for such categories and training frequency required by regulatory documents.

### DISTRIBUTION OF THE NUMBER OF EMPLOYEES WHO PARTICIPATED IN OFF-THE-JOB TRAINING PROGRAMMES, BY CATEGORY IN 2020–2022 (PEOPLE)



### TRAINING COSTS IN 2020–2022 (RUB '000)

Indicator	2020	2021	2022	Δ 2022/2021 (%)
<b>Total training costs</b>	<b>73,836.1</b>	<b>76,259.0</b>	<b>87,563.0</b>	<b>+14.8</b>
including:				
• by the Institute	53,563.2	65,130.5	76,681	+17.7
• by third-party educational institutions	20,272.9	11,128.5	10,881	-2.2

Every year, the Institute trains about 10,000 students in more than 350 educational programmes aligned with the requirements of professional standards and applicable regulatory documents.

The Institute provides services in the following areas:

- Training in professional education programmes (training, retraining, advanced training of workers), continuing professional education programmes (professional retraining, advanced training of engineering staff)
- Conducting topic-related workshops and hands-on training aimed at developing corporate and managerial competencies
- Holding championships and vocational skills competitions at various levels under the Skills and Occupations Development Agency methodology
- Hosting conferences, scientific and technical round tables with the participation of manufacturers and developers of state-of-the-art equipment

- Preparing teams for professional skill competitions

The Institute is accredited and has a notification from the Russian Ministry of Labour of its inclusion in the register of organisations providing education in occupational safety and health; the programmes are based on modern, innovative technologies using the latest training tools and methods. During the training period, students are provided with the necessary study materials, visual aids, handouts in the relevant areas of training.

In 2022, Rosseti's innovative project for live work, which had been launched for the Company's employees in 2020, was continued. In 2022, 53 people were trained in the programme of Live Works on Overhead and Cable Power Lines and Switchgear of up to 1,000 V.

As part of the federal Employment Promotion project of the national Demography project, the Institute was accredited as a training

centre for preparation of technical experts to hold championships under the Skills and Occupations Development Agency methodology.

The training ground located on the territory of the Institute is geared to the hands-on training of students in the learning process and provides means not only for individual operations but also for routine maintenance on specific equipment with meeting the time standards. The training ground is also a site for Worldskills championships among personnel of companies in the fuel and energy complex in such competencies as operation of cable power lines and smart electricity metering system.

In 2022, as part of the business programme of the Worldskills Championships, a business programme was held with the participation of representatives of manufacturers, Rosseti Kuban representatives and students of educational institutions in the following areas:

- New business lines for power grid companies (Smart Consumer Technology, Turnkey Power Station, Smart Enterprise)

- Smart metering systems. Consumer interface
- Miner search (technology)
- Electricity metering system for cable lines
- Virtual and augmented reality technologies for applications in the power grid sector

In the course of these events, innovative technologies and activities in power grid companies were reviewed.

In order to improve the professional skills of young professionals and raise the prestige of working professions in the field of electricity metering, the Institute underwent accreditation by the Skills and Occupations Development Agency and was awarded the status of a centre for the demonstration examination according to its standards in Intelligent Electricity Metering Systems.

The key providers of educational services, other than the Institute:

- Federal Budget Institution — Learning and Training Centre of Rostechнадзор
- State Educational Institution of Supplementary Professional Education "Training and Methodological Centre for Civil Defence and Emergency Situations of the Krasnodar Territory"
- Russian Presidential Academy of National Economy and Public Administration
- Private Educational Institution of Supplementary Education "Stipler Graphics Centre"
- Federal Budget Institution — Training Centre of FAS of Russia
- EKRA Scientific and Educational Center, etc.

Occupational health and safety and fire safety remain key areas of training.

In addition, the training programme on Professional Trainer for Safe Behaviour in the Electric Power Industry (Vision Zero Trainer) was continued in 2022.

The Safe Driving Coach programme was implemented in order to transfer experience through staff training.

In order to develop the professional and managerial competencies of the winners of the First All-Russian Energy Leaders competition, a professional retraining programme in Technology Management was rolled out at the Skolkovo Institute of Science and Technology, an autonomous non-profit educational organisation of higher education. The programme's aim is to create a pool of professionals ready to implement new technological solutions and capable of becoming leaders of change. The programme students studied modern methods and technologies of energy system management, digital technologies and methods of optimisation in the energy sector, energy system economics and other relevant topics, and worked on projects dedicated to topics that are in demand for the industry and the power grid complex.

The pilot project on training specialists-game practitioners in the energy sector (specialists who use psychological and technical games in their work) was launched in the reporting year.

The programme is intended for professionals who use game models for educational purposes.

In order to develop the expertise needed to diagnose and inspect equipment in the power grid complex, there is a training programme of Remotely Piloted Air System (RPAS) Operator (with a maximum take-off weight of 30 kg or less).

In order to develop the mentoring system and form effective mechanisms for interaction between the mentor and a novice power system employee, the Institute continued training employees under the Professional Mentor in Power Industry Organisations programme to ensure intergenerational continuity, transfer of personal professional experience to young employees, adaptation and increased motivation of new employees to establish a long-term employment relationship with a company.

**INDICATORS OF EVALUATION PROCEDURES OF ROSSETI KUBAN IN 2020–2022 (PEOPLE)**

Indicator	2020	2021	2022	Δ 2022/2021 (%)
Number of personnel who underwent evaluation procedures/ ratio to average headcount	546	1,840	1,612	-12
• Competence assessment (corporate and managerial), including during recruitment, transfer to a new position, selection to the talent pool, etc.	215	1,391	1,200	-14
• Independent qualification assessment (by the Qualification Assessment Centres)	331	449	412	-8

In the reporting year, 412 employees of the Company (4.7% of the average headcount) were sent for independent qualification assessment to the Energia Qualification Assessment Centre (a branch of Energetik Health Resort, JSC);

out of those, 350 successfully passed the professional examination and confirmed their professional qualification. Around 1,200 people took part in the assessment of the Company's needs in the comprehensive assessment

of managers by the Assessment Centre method, the assessment of the professional competences of specialists and managers, and the psychodiagnostic assessment in 2022.

**TALENT POOL**

To meet the Company demand for qualified and efficient managers wherever needed and create conditions for the best fulfilment of its staff potential, the Company constantly updates and improves its management talent pool and young specialist talent pool.

Share of managerial positions covered by the talent pool in 2022

**62.2%**

**The management talent pool**

is meant to satisfy the Company demand in management staff in a timely and efficient manner, including the following leading positions:

- Senior managers
- Mid-rank managers
- Managers and chief engineers for power grid regions

The main criteria to include employees in the management talent pool are as follows:

- High professional qualification
- Strong production performance
- Managerial experience
- Personal and managerial potential necessary for professional development and career growth in the Company

**The youth talent pool**

consists of young specialists aged under 35 years who have high development potential and are motivated for professional development and career progress in the Company.

The membership of the Company's youth talent pools is updated on an annual basis, and development plans for young professionals include participation in training programmes, discipline-related trainings aimed at personal growth and development of skills, industry-wide and regional conferences, and youth forums in order to get acquainted with the best practices of power grid companies in a timely manner.

**TALENT POOLS OF THE COMPANY**

Indicator	2020	2021	2022
Headcount of talent pools (people)	251	242	239
Share of leading positions covered by the talent pool (%)	69.93	64.32	62.16
Share of succession candidates appointed to target positions in the reporting year (%)	3.3	4.6	3.3
Share of leading positions staffed by internal candidates, including from the talent pools (%)	56.8	63.9	53.8
Youth talent pool (people)	140	100	86

**SOCIAL POLICY**

The key principles of the Social Policy of Rosseti Kuban include the creation of comfortable conditions for employees' work and rest, higher social security of employees and their better labour/social relations. The social focus of Rosseti Kuban is on the development of the social partnership, improvement of employees' social security, and creation of development prospects for the Company as a whole.

Rosseti Kuban places high importance on social support to energise staff members and raise their commitment to production tasks. The benefits and guarantees in place in the Company, as well as social programmes and employee support programmes, help attract and retain the most valuable employees, promote staff loyalty to the Company, and facilitate the achievement of the Company's goals.

While demanding the maximum commitment and improved performance from its staff, the Company acknowledges that it is necessary to provide the employees with extra social benefits and guarantees exceeding those prescribed by law and funded from the Company profits.

The Social Policy of Rosseti Kuban is aligned with the Sectoral Tariff Agreement of the Electric Power Industry of the Russian Federation, the collective bargaining agreement, by-laws, rules and other local regulatory documents.

In accordance with the collective bargaining agreement, as part of the social package, the Company's employees receive financial assistance in connection with childbirth,

marriage registration, burial of close relatives, retirement, difficult financial situation (emergency case), status of families with many

children, and in case of death of an employee as well. There is also compensation for childcare in pre-schools, etc.

**SOCIAL BENEFITS FOR THE COMPANY'S EMPLOYEES, THEIR FAMILY MEMBERS AND RETIREES (RUB MN)**

Social events	2020	2021	2022
Monetary support for employees and retirees	37.28	45.23	40.7
Compensation payments	0.72	0.97	1.13

The collective bargaining agreement of the Company covers the support of employees who need better housing conditions through financial aid in mortgage arrangement and partial payment of credit interest. In the reporting period, the Company paid a total of RUB 13.95 million to 336 employees as financial aid.

Being a socially responsible Company, Rosseti Kuban takes care of the Company's veterans and retirees. Honouring the veterans and providing them with monetary support is an integral component of the Company's social performance. Rosseti Kuban renders monthly material aid to retirees. In the reporting period, over 2,600 of the Company veterans and retirees received various benefits (monetary support for the Victory Day, the Power Engineer Day, monthly monetary support and on-application monetary support, etc) to the total of RUB 10.11 million.

An important factor in improving the workforce efficiency is the promotion of health and recreation of employees and their children. In the reporting year, over 890 vouchers were purchased for health resort treatment and recreation of employees and their family members, and over 340 employees were partially compensated for the cost of vouchers to children's health camps.

Rosseti Kuban provides its employees with a high quality modern medical services by signing contracts for their voluntary health insurance and accident insurance.

The social security of employees and non-material incentives are promoted through the non-state pension provision schemes designed to ensure a decent level of well-being of employees at retirement age, to lay the groundwork for the effective addressing of HR issues related to recruitment, retainment and motivation.

Rosseti Kuban focuses on the development and maintenance of healthy lifestyle of its employees and arranges health, fitness, and participation sports among the employees and provides them with access to the sports facilities. The outcomes of the reporting year:

- Rosseti Kuban's teams took part in volleyball and mini-football competitions among Rosseti Group companies
- Company employees took part in the M.M. Botvinnik Memorial Open Chess Tournament for Power Engineers
- Employees of Rosseti Kuban took an active part in the Open Spartakiad of Power Engineers in sports such as mini-football, volleyball, table tennis, chess, track and field, kettlebell lifting and swimming
- Rosseti Kuban team took part in the Minor League Regional Amateur Basketball Cup tournament
- Employees of Rosseti Kuban participated in regional and city competitions held in the Krasnodar Territory and the Republic of Adygeya

Rosseti Kuban attaches great importance to cultural-enlightenment events that help unite and rally its personnel, thus improving the corporate culture. The following events were held in 2022:

- Events dedicated to the celebration of the Defender of the Fatherland Day and International Women's Day (8 March)
- Children's drawing contest "Rosseti: Children Draw!" as part of participation in the contest among children of the Group's employees
- Commemoration of Victory Day in the Great Patriotic War of 1941–1945
- Events on the occasion of Children's Day
- Events to mark Knowledge Day
- Children's drawing competition "Autumn through the Eyes of Children"
- Corporate children's creative contest "Energy of Talents"

- New Year's Eve celebrations: a greeting for employees and children of the Company's employees

More than 400 children took part in the qualifying and final stages of the children's competitions, and more than 190 of them were awarded valuable prizes and gifts.

Traditionally, the Company pays great attention to the preparation and celebration of the Power Engineer Day — the professional holiday of the Company.

The Company conducted personnel testing for coronavirus infection in the reporting period due to the ongoing unstable epidemiological situation, in order to protect worker health and stop the spread of the COVID-19 coronavirus infection. In 2022, more than 30,000 tests for coronavirus infection were taken.

**YOUTH POLICY**

The Company's Youth Policy covers the activities within three key areas:

- Early career guidance of schoolchildren
- Practice-oriented training of personnel in educational institutions of secondary vocational and higher education
- Professional development of junior specialists – employees of the Company

The Company conducts comprehensive career guidance work with schoolchildren, including open days and study tours to the facilities of the Company's branches, staff-led themed lessons at schools, and corporate target events. The total number of sponsored schoolchildren participating in Rosseti Kuban's career guidance projects in 2022 was over 1,242. The All-Russian Olympiad for Rosseti Group students is being hosted in order to prepare professionals to fill future staffing demands. This is a unique opportunity to test yourself and learn about current energy issues and trends by solving unusual and interesting problems. About 370 ninth- and tenth-graders from the Company's operating regions competed in the Olympiad in 2022. The winner of the Olympiad became a participant in the Energy Project Shift of Rosseti Group at the All-Russian Children's Centre, Orlyonok.

Vocational guidance is offered to schoolchildren in order to develop their interest in the power industry and to help them enter universities and colleges in their fields of study. As of 31 December 2022, there were 40 cooperation

agreements with educational institutions in the region where the Company operates, including Kuban State Agrarian University and Kuban State Technological University.

The main areas of cooperation with universities and colleges are targeted education, practice-oriented training, vocational guidance, and the management of student teams.

As of 31 December 2022, 59 students are studying at field-specific universities under target education contracts with the Company, of which 19 contracts were concluded in 2022. The focus areas of targeted training include Electric Power and Electrical Engineering, Agro-Engineering, with major courses on information systems and technologies, electrical technology and electrical equipment.

The total number of students who took internships at the Company's facilities in the reporting year was 741 (468 students in 2021). In 2022, 96 students from partner universities took part in seven student teams during the summer work season.

In order to expose its students to the occupation and provide them with hands-on skills, the Company arranged a number of events for them such as vocational training in the corporate training centre, preparation for and taking a professional examination to qualify as a third-class electrician in metering operation, and a professional skills competition to test their

knowledge and skills in this area.

There are workshops and hackathons organised to develop managerial and professional competences.

Ten employees of the Company joined the International Engineering Championship (League of Young Specialists) and the Forum of Communities of Young Specialists called Forsage in 2022 to advance the competencies of the Company's young specialists in the areas of project activities and the application of best practises as well as to encourage the development of inter-corporate communities.

**CHARITY WORK**

The Regulations for Charitable Assistance at Rosseti Kuban and the Regulations on the Procedure of Formation and Use of the Sponsorship and Charity Fund of Rosseti Kuban are the foundations upon which charitable activities at Rosseti Kuban are carried out. These Regulations were approved by the Board of Directors of the Company.

Charity work is a component of the corporate strategy and portrays the company as a socially responsible one.

In 2022, the Company completed more than 20 charitable projects and held 15 volunteer

events: employees took part in events to mark World Donor Day, Children's Day, the New Year's Wishing Tree event and others.