APPROVED
by the Board of Directors
EN+ GROUP IPJSC
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EN+ GROUP IPJSC
THE CONCEPT OF FINANCING ENVIRONMENTAL AND SOCIAL PROJECTS

TERMS AND ABBREVIATIONS

Green Projects – projects aimed at achieving a measurable positive impact on the environment and contributing to the solution of specific environmental tasks.

National Taxonomies – criteria for green, transitional, social projects established by Decree of the Government of the Russian Federation No. 1587 dated September 21, 2021 "On approval of criteria for sustainable (including green) development projects in the Russian Federation and requirements for the system of verification of sustainable development financing instruments in the Russian Federation".

National Development Goals of the Russian Federation – strategic goals of the country established within the framework of state policy and defining long-term socio-economic tasks. Each of the goals is aimed at increasing the welfare and quality of life of citizens.

R&D – research and development work.

Transitional Projects – environmentally oriented projects facilitating the transition to a low-carbon and resource-efficient economy, with a positive environmental effect.

Sustainable Development Projects – socio-environmental projects with positive social and environmental effects.

Social Projects – socially oriented projects with a positive social effect that has a positive impact on the social well-being of the persons in whose interests they are implemented.

Targeted Financial Instruments – bonds, loans and other types of financial instruments, the proceeds from which are allocated to finance/refinance green, transitional, social projects and sustainable development projects.

UN SDGs – a list of 17 interrelated United Nations Sustainable Development Goals developed in 2015 by the UN General Assembly as a "plan to achieve a better and more sustainable future for all".

APLMA – Asia-Pacific Loan Market Association.

ICMA – International Capital Market Association.

LMA – Loan Market Association.

LSTA – Loan Syndications and Trading Association.

1. GENERAL PROVISIONS

1.1. Introduction

The Concept of financing environmental and social projects (hereinafter referred to as the "Concept") is aimed at ensuring high quality, transparency and reliability of information on the use of funds raised using targeted financing instruments.

Targeted financing instruments are any financial instruments that allow raising funds for the purpose of financing/refinancing projects with positive social and/or environmental effects.

1.2. Scope of Application

This Concept applies to EN+ GROUP International Public Joint Stock Company (hereinafter referred to as the "Company" as well as the En+ Group[1]).

The Concept is aimed at ensuring the compliance of the Group's Targeted Financial Instruments with the principles and standards in the field of responsible financing.

This Concept has been developed in accordance with the requirements of Russian legislation, the norms of international law to the extent they do not contradict Russian legislation, the requirements of Russian and international standards in the field of responsible investing.

If, as a result of changes in the legislation of the Russian Federation, the provisions of this Concept come into conflict with it, it is necessary to be guided by the legislation of the Russian Federation, respectively, in this part.

1.3. Regulatory References

The Concept has been developed in accordance with the following documents (in their current versions):

– Regulation of the Bank of Russia No. 706-P dated December 19, 2019 "On Standards for the Issuance of Securities";

– Order of the Government of the Russian Federation No. 1912-r dated July 14, 2021 "Goals and Main Directions of Sustainable (including Green) Development of the Russian Federation";

[1] This Concept covers the Power Segment of En+ Group and does not affect the Metals Segment of En+ Group.

– Decree of the Government of the Russian Federation No. 1587 dated September 21, 2021 "On approval of criteria for sustainable (including green) development projects in the Russian Federation and requirements for the system of verification of sustainable development financing instruments in the Russian Federation";

– Green Bond Principles developed by the International Capital Market Association (ICMA);

– Social Bond Principles developed by the International Capital Market Association (ICMA);

– Sustainability Bond Guidelines developed by the International Capital Market Association (ICMA);

– Green Loan Principles developed by the regional international industry associations "Asia-Pacific Loan Market Association", "Loan Market Association" and "Loan Syndications and Trading Association" (APLMA, LMA, LSTA);

– Social Loan Principles developed by the regional international industry associations "Asia-Pacific Loan Market Association", "Loan Market Association" and "Loan Syndications and Trading Association" (APLMA, LMA, LSTA);

– Decree of the President of the Russian Federation No. 309 dated May 7, 2024 "On National Development Goals of the Russian Federation for the period up to 2030 and prospects up to 2036" (national goals are included in the terminology);

– Regulation of the Bank of Russia No. 714-P dated 27.03.2020 (as amended on 30.09.2022) "On Disclosure of Information by Issuers of Issue Securities";

– Listing Rules of Moscow Exchange PJSC (Approved by the Supervisory Board of Moscow Exchange PJSC on 26.02.2026, Protocol No. 12, with all amendments and additions).

1.4. Procedure for Approval, Amendments and Additions

The Concept, all its amendments and additions are approved and put into effect by a decision of the Company's Board of Directors.

The Concept is effective from the moment of its enactment by a decision of the Company's Board of directors until its cancellation by a decision of the Company's Board of directors.

2. DESCRIPTION OF EN+ GROUP'S ACTIVITIES

En+ Group is the world's largest independent hydropower generating Group of companies, simultaneously developing all areas of the power business, including electricity and heat production, sale of electricity, heat and capacity, and engineering. The Group's generating assets are located in Siberia and the Volga region.

3. ENVIRONMENTAL AND SOCIAL SIGNIFICANCE OF EN+ GROUP'S ACTIVITIES

En+ Group recognizes its responsibility and undertakes care for the environment and people in the regions of its presence. The Group follows the principles of sustainable development in all areas of its activities, implements environmental and social projects, thereby contributing to the development of regional, national and global sustainable development agenda.

The principles in the field of environmental and climate protection, as well as the directions for implementing the Group's strategic initiatives are declared in the Environmental Policy[2].

One of the main priorities of En+ Group is climate impact reduction and adaptation, including within the framework of fulfilling the instructions of the President of the Russian Federation on achieving carbon neutrality of the Russian Federation no later than 2060. The Group consistently increases renewable energy generation capacity through the construction of small and large hydroelectric power plants in Siberia, as well as the implementation of the "New Energy" programme, which provides for the modernisation of hydroelectric power plants. These measures allow increasing the generation of low-carbon electricity, which, in turn, leads to a reduction in the volume of fuel combustion at coal-fired power plants in the region, with the same volume of water passing through the turbines.

The reduction in the volume of fuel combustion at coal-fired power plants due to the development of low-carbon generation in the regions of the Group's responsibility also carries environmental benefits in the form of reducing the amount of emissions, ash and slag waste produced by CHPs.

An integral part of En+ Group's activities is promoting the preservation of ecosystem sustainability and biodiversity. Annually, the Group implements projects aimed at preventing, minimizing, restoring or compensating impacts in accordance with the Unified Biodiversity

[2] EN+ GROUP IPJSC Environmental Policy

Conservation Policy[3]. EN+ Group develops corporate programs for biodiversity conservation to prevent and reduce negative impacts, participates in maintaining its stable state in the long term.

Biodiversity conservation is closely linked to quality water resource management. In this regard, En+ Group, in particular, implements a comprehensive programme for the preservation of Lake Baikal.

The social agenda is regulated by a set of corporate policies, which include the Diversity and Equal Opportunities Policy[4], Human Rights Policy[5], Occupational Health, Industrial and Fire Safety Policy[6].

People are a key asset of En+ Group. The Group sets its main goal to reduce the overall injury rate and achieve zero fatal injuries. For this purpose, En+ Group implements measures aimed at improving the safety culture of personnel, developing their competencies, preventing accidents and injuries, as well as reducing the impact of production factors on employees' health. To preserve and strengthen it, reduce the negative impact of production factors, En+ Group provides employees with a wide range of medical and preventive measures, implements measures to improve working conditions.

Development and support of employees is an important part of the Group's strategy, being one of the largest employers in Russia. The Group offers employees an expanded package of social benefits exceeding legislative requirements. In addition, En+ Group provides employees with extensive opportunities for training and development.

En+ Group contributes to the economic development of the regions of its responsibility, actively interacting with local communities in the regions of its presence. En+ Group is the organizer and participant of projects for improvement and infrastructure development, including those implemented in partnership with local authorities within the framework of public-private partnership (PPP).

[3] EN+ GROUP IPJSC Biodiversity policy
[4] EN+ GROUP IPJSC Diversity and equal opportunities policy
[5] EN+ GROUP IPJSC Policy on Human Rights
[6] EN+ GROUP IPJSC Health, Occupational, Industrial and Fire Safety Policy

En+ Group also implements professional development and support programs for talented youth, provides targeted assistance to educational institutions and participates in career guidance events.

Detailed information on the environmental and social significance of EN+ Group's activities is disclosed annually within the framework of the Consolidated (Annual) Report on the official website[7].

4. SUSTAINABLE DEVELOPMENT IN EN+ GROUP

Sustainable development is a fundamental element of En+ Group's strategy and long-term vision. To manage the impact on the environment, as well as on the social and economic aspects of the business, the Group develops a management system in accordance with the international standard ISO (International Organization for Standardization).

En+ Group supports the UN SDGs[8], as well as the National Development Goals of the Russian Federation. The Group annually implements various projects and conducts activities for the development of the economy, social sphere, science and technology, ensuring environmental sustainability and improving the quality of life in the regions of its presence.

Sustainable development management in the Group is carried out within the framework of the overall corporate governance system. The General director of the Company is responsible for managing sustainable development. The relevant committees of the Board of Directors, including the Occupational Health, Industrial Safety and Environmental Protection Committee, regularly hold joint meetings to track the status of implementation of sustainable development projects.

Annually, En+ Group discloses qualitative and quantitative indicators as part of non-financial reporting within the framework of the Consolidated (Annual) Report in order to ensure transparency of information on key results to stakeholders around the world and places information on the official website[9].

[7] Consolidated report EN+ GROUP IPJSC
[8] United Nations Sustainable Development Goals
[9] Consolidated report EN+ GROUP IPJSC

5. USE OF PROCEEDS

En+ Group may raise funds through the issuance of green, transitional, social bonds, sustainability bonds, obtaining green, transitional, social loans and sustainability loans, as well as other financial instruments available for financing green, transitional, social projects and sustainable development projects.

All funds raised through the issuance of green bonds, other financial instruments or obtaining green loans are allocated to finance or refinance (replenish funds previously allocated for financing purposes) green projects.

All funds raised through the issuance of transitional bonds, other financial instruments or obtaining transitional loans are allocated to finance or refinance (replenish funds previously allocated for financing purposes) transitional projects.

All funds raised through the issuance of social bonds, other financial instruments or obtaining social loans are allocated to finance or refinance (replenish funds previously allocated for financing purposes) social projects.

All funds raised through the issuance of sustainability bonds, other financial instruments or obtaining sustainability loans will be allocated to finance or refinance (replenish funds previously allocated for financing purposes) green and/or transitional, as well as social projects.

Within the framework of this Concept, green and transitional projects include, in particular, the following projects:

- Creation and modernisation of generating facilities and supporting infrastructure for energy generation from renewable energy sources and low-carbon fuels, including construction of new, modernisation or replacement of existing dam hydroelectric power plants aimed at increasing energy and environmental efficiency;
- Construction of electricity storage facilities generated using renewable energy sources;
- Creation and modernisation of infrastructure for direct capture, transportation, utilization or storage of greenhouse gases from the environment;
- Construction and modernisation of transport infrastructure facilities contributing to the reduction of greenhouse gas emissions;

- Implementation of projects aimed at increasing energy efficiency and heat efficiency of existing structures, contributing to increasing their efficiency;
- Implementation of projects aimed at increasing the energy and environmental efficiency of energy facilities;
- Modernisation of existing production facilities aimed at increasing energy efficiency, resource conservation, reducing negative environmental impact or reducing greenhouse gas emissions;
- Creation and modernisation of infrastructure, production of equipment for the production, storage and transportation of hydrogen;
- Creation and modernisation of infrastructure for the utilization of waste - products of the energy industry;
- Construction of "green" capital and non-capital buildings and structures of tourist infrastructure;
- Implementation of projects in the field of ecotourism;
- Construction and modernisation of water passage and hydraulic structures;
- Construction and modernisation of drinking water supply infrastructure, water treatment, infrastructure for the utilization of waste from water supply and sewerage systems;
- Implementation of projects aimed at increasing the efficiency of water resource use;
- Measures to reduce greenhouse gas emissions and/or harmful substances, allowing to reduce negative environmental impact;
- Implementation of measures for forest conservation;
- Construction of "green" residential and non-residential buildings and structures;
- Implementation of projects aimed at preserving and restoring biodiversity;
- Implementation of projects aimed at developing or ensuring the activities of specially protected natural areas;
- Other projects complying with national and international criteria for sustainable development financial instruments.

The implementation of these projects is aimed at improving the state of the environment and reducing negative impact on it, including reducing emissions of pollutants, greenhouse gas emissions into the atmosphere, increasing energy efficiency. Such projects must comply with the criteria established by the ICMA Green Bond Principles, LMA Green Loan Principles, National Taxonomies, and must have specific qualitative and quantitative positive environmental effects.

The main social projects under this Concept include, in particular, the following projects:

- Implementation of educational programs through support of education infrastructure, grants and similar financing instruments aimed at material support of students;
- Implementation of projects aimed at professional retraining, advanced training;
- Construction, reconstruction, major repairs and installation of sports facilities;
- Creation, including construction and material-technical equipment, reconstruction, major repairs, technical equipment (re-equipment) of cultural and art institutions;
- Implementation of projects aimed at urban improvement, increasing the comfort of the urban environment and creating conditions for active recreation, including creation and reconstruction of urban parks;
- Creation, including construction and material-technical equipment, reconstruction, major repairs, technical equipment (re-equipment) of tourism industry facilities and tourism resources, multifunctional service zones, roadside service facilities, except for gas stations
- Implementation of projects aimed at developing domestic tourism;
- Creation and modernisation of sustainable social infrastructure facilities (educational facilities, healthcare and social service facilities, cultural and art facilities, sports facilities, facilities used for organizing citizen recreation and tourism, other socially significant facilities that are aimed at improving quality of life and social well-being throughout the life cycle of the facility);
- Other projects complying with national and international criteria for sustainable development financial instruments.

The implementation of these projects is aimed at solving issues of high social significance. Such projects must comply with the criteria established by the ICMA Social Bond Principles, LMA Social Loan Principles, National Taxonomies, and must have qualitative and quantitative positive social effects.

6. PROJECT EVALUATION AND SELECTION PROCESS

The process of evaluation and selection of green, transitional, social projects and sustainable development projects is carried out by En+ Group in strict accordance with the internal control system and risk management system. The Group's approaches to risk management and internal control are set out in the Risk Management Policy, the process itself is recorded in the Risk Management Regulations.

The risk management system and internal control system are an integral part of the project evaluation and selection process as a whole, thereby ensuring consistent sustainable development of the Group's business.

Risk management in En+ Group is built as a continuous cyclical process, which allows the Group to timely identify potential threats that may affect its project activities and take measures to reduce adverse impact in case of their occurrence.

En+ Group pays significant attention to key risks that may hinder the achievement of the Group's set goals. To eliminate/minimize possible damage, the Group constantly improves the system of risk identification and response to each risk to an extent corresponding to the nature and size of the risk. In managing risks, En+ Group takes into account the expectations of stakeholders, assessing economic, environmental and social impact based on the principles of sustainable development.

En+ Group regularly analyzes significant factors and monitors changes in legislation and regulatory requirements not only in the countries where it conducts project activities but also at the international level. The Group manages risks on a vertical principle: risks associated with project implementation are identified at the level of individual enterprises and then consolidated at the Group level.

The Internal Control Directorate quarterly monitors the status of identified risks, including analysis of changes that occurred during the reporting quarter, probability of occurrence, relevance of financial risk assessment, implementation of measures, as well as timeliness of identification of new risks that arose during the quarter.

Recognition of a project as eligible for financing or refinancing by Targeted Financial Instruments is carried out by the Capital Markets and Financial Products Directorate and the Sustainable Development Directorate. The Directorates conduct an examination of projects for compliance with National Taxonomies, assess the positive qualitative and quantitative environmental and/or social effects from project implementation and prepare a conclusion.

The conclusion is considered and approved by the Director of Capital Markets and Financial Products.

7. MANAGEMENT OF RAISED FUNDS

All funds raised by En+ Group using the respective Targeted Financial Instruments are allocated exclusively to finance and/or refinance green, transitional, social projects and sustainable development projects.

Monitoring of green, transitional, social projects and sustainable development projects is carried out throughout the entire period of keeping the funds raised through Targeted Financial Instruments on the Group's balance sheet.

The responsible unit will ensure regular analytical accounting of funds raised using Targeted Financial Instruments.

The register of issued green, transitional, social bonds, sustainability bonds or corresponding other Targeted Financial Instruments will contain information sufficient to identify each targeted financial instrument and the related financed project. In case the financed and/or refinanced project ceases to comply with the criteria for green, transitional, social projects and sustainable development projects, En+ Group undertakes to replace it with another project suitable under the specified criteria. At the same time, the amount of financed and/or refinanced green, transitional, social projects and sustainable development projects must be no less than the amount raised through Targeted Financial Instruments.

8. VERIFICATION

Verification of EN+ Group's Targeted Financial Instruments, including in the form of bonds or loans, is carried out in strict accordance with the verification requirements approved by Decree of the Government of the Russian Federation No. 1587 dated September 21, 2021 and/or the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles, Social Loan Principles.

The Group's Targeted Financial Instruments are subject to assessment by an independent verifier(s) included in the list of verifiers of the State Development Corporation "VEB.RF" or in the list of verifiers providing independent external assessment, maintained by the International Capital Market Association (ICMA).

Verification is carried out:

- At the stage of determining compliance, before raising funds (before registration of the bond issue or decision to provide loan funds);
- At the stage of confirming compliance, after raising funds in case the sustainable development project is not completed.

9. REPORTING

En+ Group follows the principle of disclosing information on the expenditure of funds received using Targeted Financial Instruments.

To confirm regular reporting on the use of funds received from the placement of green and/or social bonds, En+ may, at its discretion, engage independent verifiers. En+ may state in the terms of individual bond issues obligations to ensure verification of regular reporting at certain stages, for example, mandatorily in cases provided for by legislation, regulatory acts of the Bank of Russia or rules of the trading organizer on whose trades such bonds will be traded.

Report on the targeted use of funds:

- Is published by the Company on the Internet on the Group's official website and/or on the Interfax information disclosure page (for Targeted Financial Instruments in the form of bonds);
- Is provided to the lender and verifier (for Targeted Financial Instruments in the form of loans)

The volume and procedure for preparing reporting on the targeted use of funds are determined by the requirements of legislation, as well as (for Targeted Financial Instruments in the form of bonds) the requirements of regulatory acts of the Bank of Russia and the listing rules of the trading organizer carrying out the listing.

In addition, to ensure transparency of its activities, En+ Group annually publishes non-financial reporting and places it on the official website[10].

10. CONTROL

The organisation and control over the implementation of measures for the implementation of this Concept in the Group, as well as its monitoring and updating, is entrusted to the General Director of the Company.

[10] Consolidated report EN+ GROUP IPJSC