

## ACRA ASSIGNS ESG-C, LEVEL ESG-5 TO PSJC “T PLUS”

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ACRA has assigned the ESG rating ESG-C, level ESG-5 to PJSC “T-Plus” (hereinafter, T-Plus, or the Company), which corresponds to a high assessment in the field of the environment, social responsibility, and governance.

According to the [Methodology for Assigning ESG Ratings](#), a **high ESG assessment** means that the Company pays sufficient attention to environmental, social responsibility, and governance matters.

The ESG rating is based on the Company’s moderately negative indicators in terms of environmental impact, favorable social responsibility indicators compared to peer companies, and strong corporate governance. In addition, the Company has policies, procedures and measurable performance indicators for managing key industry ESG risks, as well as a moderately high level of compliance with best practices.

T Plus Group (hereinafter, the Group) is the largest Russian private company operating in the electricity and heat supply segment. The Group holds several types of assets, involving generation, sales, gas, utilities, and services. The generation and sales assets provide for 93% of the Group’s total revenues. T-Plus is the Group’s core asset; the Company’s primary area of activity is production of heat and electricity.

### KEY ASSESSMENT FACTORS

T Plus, which unites the generating assets of the Group, uses different types of fuel resources to generate heat and electricity. In 2021, the share of natural gas in the Group’s fuel mix was 99%. However, from 2019 to 2021, the perimeter of the Company’s reporting included generating facilities that used coal and peat as energy resources, which influenced the assessment of its environmental impact indicators.

The indicators of emissions of pollutants<sup>1</sup> and greenhouse gasses, as well as the Company’s energy consumption, are worse than the industry averages. However, in terms of specific indicators of water consumption, waste generation and wastewater discharge per unit of revenue, the Company received moderate scores, as these indicators are close to the industry averages. The Agency noted a positive trend (decline in negative impact) for most of the aforementioned indicators over the analyzed period thanks to the modernization of the core generating assets of T Plus, including due to the transfer of part of these assets to natural gas. In the upcoming years, the Agency expects changes to the structure of generating facilities and modernization of existing assets to help the Company reduce its negative impact on the environment.

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<sup>1</sup> To ensure correct comparison with the companies in the sample, the Agency excluded the amount of particulate matter from total emissions when calculating the amount of emissions of pollutants per unit of revenue.

The Agency applied positive modifiers in the Assessment of Environmental Impact block, taking into account the high share of water reuse in total water consumption (over 90%) and the high share of normatively clean discharged wastewater (over 70%). At the same time, the Agency notes that the Company is currently the defendant in a lawsuit brought by the Ural Interregional Department of the Federal Service for Supervision in the Sphere of Natural Resources Management on reimbursing damages caused to a body of water (the Nizhne-Tura reservoir) in 2016–2017. This fact may be the basis for ACRA to apply a negative modifier to this block in the future.

In general, the Company has a very high level of environmental risk management. For the majority of industry risks, which, in the Agency's opinion, are relevant to the Company, the maximum scores have been assigned. Four risks of T Plus were assessed as moderate:

- Physical climate risks;
- Conflicts with the local population on environmental issues;
- Risks associated with the operation of hydraulic structures;
- Lack of consideration of environmental factors in the formation of the supply chain.

The Agency notes that management of these risks is an area of improvement for the Company, both as part of the development of new internal regulations and publication of information within them on changes to performance indicators, and also from the point of view of carrying out actions to neutralize the indicated risks.

In terms of complying with best practices, T Plus also received a high assessment. The Company regularly assesses environmental risks, creates the necessary centers of competencies and divisions, has put together mechanisms for external communication on environmental issues, and also adopted programs to improve energy and water usage efficiency. At the same time, the introduction of an ESG strategy and environmental management system are potential areas of improvement for the Company.

T Plus has a favorable level of gender equality, a low injury rate, a high level of social investments in relation to revenues, as well as a relatively low fatal injury rate. Employee turnover is in line with industry averages. The Company's most problematic social indicator is the level of average wages, which is assessed in US dollars at purchasing power parity (the Company's calculated indicator is adjusted by the appropriate coefficient). Since the comparison was made with companies from different countries, the purchasing power of wages of T Plus is lower than the benchmark internationally, but is adequate in the local market. In addition, ACRA applied positive modifiers for the Company's use of automated safety monitoring systems, as well as for the annual increase in the employees' salaries, the general fund for which is allocated in the amount of the actual inflation rate.

Half of the social risks relevant to the Company were assigned maximum scores. Four of the risks were assessed as moderate due to the insufficient, in the Agency's opinion, reflection in corporate governance documents of information on measurable performance indicators; these risks include:

- Absence of effective interaction and conflicts with the local population;
- Insufficient social responsibility;
- Risks related to any forms of discrimination when hiring employees and when carrying out labor practices at the Company;
- Lack of a responsible supply chain.

The Company received a moderate score for compliance with best practices. T Plus regularly publishes information on the gender composition of workers, conducts training sessions for staff, has a number of mechanisms for protecting the rights of personnel, as well as a supplier code and quantitative targets for the share of purchases from local suppliers that are publicly disclosed. At the same time, ACRA notes the Company's insufficient elaboration of the issues of

preventing sexual harassment in the workplace, conducting an external audit in the field of labor protection and industrial safety, as well as building a transparent system for assessing personnel.

T Plus received a moderate score for concentration of stock ownership. Assessments of stability of the membership of the board of directors (average membership of the board of directors exceeds five years), as well as of the share of independent members (36%) are also moderate. In addition, the Company received a moderate score for the industry work experience of the members of the board of directors.

The Company received moderate assessments for the quality of strategic planning and level of information disclosure. T Plus annually publishes annual reports, which, among other things, disclose non-financial information. In addition, in 2022 the Company released its first Sustainable Development Report in accordance with Global Reporting Initiative (GRI) standards, containing information for the three years from 2019 to 2021.

The Company has policies and internal regulations for all corporate governance risks, and carries out special monitoring actions. However, a lack of information on measurable performance indicators in corporate governance documents limited the assessment of most risks. The only category for which the Company received a maximum assessment score (1) is Corruption Risks. The Company has put together the necessary corporate documents to manage this risk and effectively operates a corruption hotline.

ACRA gives a moderately high assessment to the Company's corporate governance policies and procedures. T Plus has a code of conduct and policy on transactions with affiliated parties; there is oversight of corporate governance practices, and a risk management service and compliance. At the same time, ACRA notes that the Company has approved but not published a dividend policy, and has not approved a separate policy for interaction with related parties. The Company does not disclose its ultimate beneficiaries or its risk appetite for key risks. The Agency notes that although in 2022 the Company's board of directors approved the ESG strategy until 2027, as of the rating assessment this document had not been published.

## KEY ASSUMPTIONS

- Companies from the Diversified Electric Power Industry were selected as benchmarks (i.e. peer companies).
- Data specified in the questionnaire and T Plus's social responsibility and corporate sustainability report is reliable and comparable to benchmarks.

## RATING COMPONENTS

**Final ESG rating: ESG-C.**

**Final level: ESG-5.**

**ESG rating determination:** high assessment in the field of environment, social responsibility and governance. Sufficient attention is paid to the environment, social responsibility and governance matters.

## ADDITIONAL INFORMATION

The ESG rating has been assigned in accordance with the [Methodology for Assigning ESG Ratings](#) and the [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

An ESG rating has been assigned to PJSC "T-Plus" for the first time. The ESG rating is expected to be revised within one year from the publication date of this press release.

The ESG rating was assigned based on data provided by PJSC "T-Plus", information from publicly available sources, and ACRA's databases.

The ESG rating is solicited and PJSC "T-Plus" participated its assignment.

In assigning the ESG rating, ACRA used only information, the quality and reliability of which were, in ACRA's opinion, appropriate and sufficient to apply the methodology.

No conflicts of interest were discovered in the course of the assessment process.

The assigned ESG rating is not a credit rating.

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