



INTERENERGO

SUSTAINABILITY REPORT

Interenergo LLC

2022



Message from the President

The publication of our first sustainability report is a natural outcome of compiling and systematising Interenergo's daily practices. In fact, compliance with international standards, a robust quality management system and a people-centred mentality have long determined our approaches to working with clients and stakeholders, both external and internal.

Our company has great responsibility due to the nature of our activities: we build power plants, equip industrial facilities, design and supply key components of equipment for thermal and nuclear power industries. For Interenergo, sustainability means timely and durable outputs, a professional team, ethical co-operation and respect for what is truly valuable – nature and people.

The report we are offering for your consideration is our first formal step towards regular disclosure of non-financial indicators and a basis for progressive improvements. We are confident that the engineering industry will gradually become more transparent and reach standardisation in the coming years. By that time, Interenergo will have moved into a new phase of sustainability management, and we look forward to sharing our achievements with the public.

Alexander Em

1. Concept, idea and boundaries of the report

GRI 2-1, 2-3

Although Interenergo is not a publicly traded company, we decided to launch regular disclosures of non-financial (ESG) indicators in order to systematise data on our sustainability activities, identify potential growth areas and risk factors, and improve the quality and scope of our services.

The speed of information dissemination and the demand for corporate transparency dictate their own rules for market participants, including engineering market participants. Our company keeps up with the times and takes into account the requirements of stakeholders, and in particular those clients who carry out transnational operations.

According to objective assessments, both the demand for and regulation of private business reporting will get to another level in the coming years, which provides a rational justification for moving towards disclosing material factors affecting operational performance in advance. In the future, we plan to publish sustainability reporting on an annual basis, similar to how we disclose financial information.

This Sustainability Report is the first for our company, and it provides an overview of material events and discloses key indicators for 2022. In particular, the report discloses consolidated information on all structural divisions of Interenergo LLC, unless otherwise stated in the notes to the data presented. The report is developed for a wide range of stakeholders and aims to help them familiarise themselves with our corporate sustainability management system.

The information presented is intended to be used for informational purposes only. It is based on the indicators of the reporting period, takes into account the non-disclosure obligations of our partners and does not imply the company's responsibility for the decisions and generalisations of third parties, including those based on the forecasts presented in the report.

If you need more details or would like to contact persons involved in the preparation and publication of this report, please send an e-mail enquiry to info@gkinterenergo.ru or call us at + 7 (495) 212 14 69.

2. Company profile

GRI 2-1, 2-2, 2-5

Interenergo LLC was founded in 2004 to implement integrated engineering projects in the energy sector, as well as design and supply pipeline systems, process equipment and metal structures.

In 2017, Interenergo Stroyontazh LLC was established, a subsidiary of Interenergo LLC. Its main specialisation is turnkey construction of industrial facilities and related installation works.

Since its foundation, the company has grown from supplying equipment to performing the full cycle of construction and installation works for industrial facilities and EPC projects.

Over this period, over 60 projects for the power and oil & gas industries have been successfully implemented. Importantly, at all stages of its history, Interenergo remained a company that is based and operates on private capital.

The company's headquarters is located in Moscow, with an additional office in Krymsk (Krasnodar Region).

The company's portfolio of solutions includes implementation of EPC projects, along with supply of boiler equipment, fuel treatment systems, metalworking machines, and high and low pressure pipelines, which are employed at thermal and nuclear generating facilities in nine constituent entities of the Russian Federation, as well as in the Republic of Belarus, India and Bangladesh.



Interenergo provides 475 direct jobs. Our network of contractors encompasses over 200 companies, including high-tech science-intensive Russian enterprises, transnational holdings and financial organisations.

475 direct jobs

provided by Interenergo

> 200 companies

our network of contractors

The company has its own non-destructive testing laboratory (NDTL), which was established to ensure compliance with technical norms and rules during construction and installation works and thus ensure safety of strategic infrastructure facilities. The laboratory is an integral instrument of technical risk management.

Since 2017, an integrated quality management system has been implemented at the company, in accordance with international standards ISO 14001, ISO 9001 and ISO 45001, compliance with which is confirmed through annual external and internal audits.

The results we have achieved demonstrate the company's systemic approach, customer confidence and high professionalism of the team. Further development plans are directly related to the Russian energy sector and envisage supporting import substitution, ensuring energy security of large industrial enterprises, and implementing technological solutions to reduce emissions.

3. Material areas of sustainable development

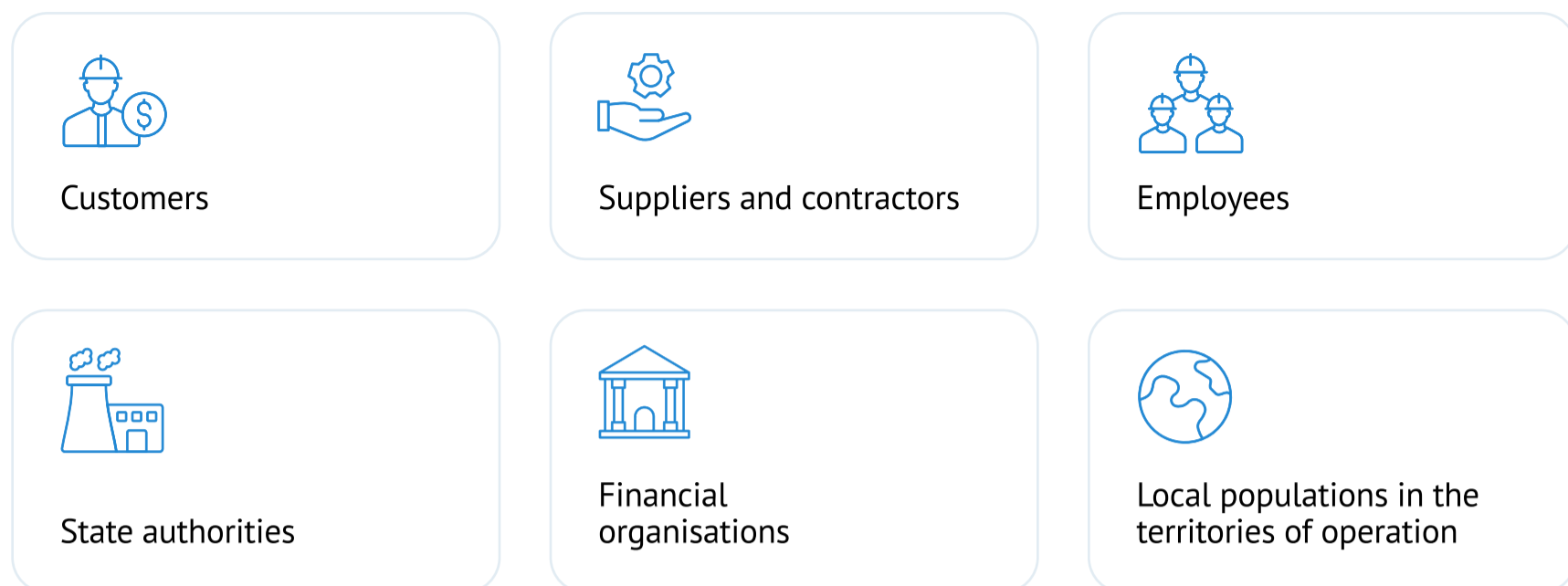
GRI 2-1, 2-2, 2-5

In its activities, the company seeks to build long-term partnerships with a wide range of stakeholders.

The fundamental principles of sustainable development at Interenergo are as follows:

- Timely and quality fulfilment of obligations
- High ethical standards for everyday activities
- A forward-looking approach to risk management
- Openness to change and direct communication
- Transparent anti-corruption policy
- Promotion of modern technologies to reduce negative environmental impact

The company has identified the following key stakeholder groups:



For the purposes of this report and in accordance with the GRI Standards (2021), we have identified the following material areas of sustainable development for Interenergo LLC:

Environment and ecological aspects **(E)**:

- Climate management and energy efficiency
- Sustainable waste management
- Contribution to air quality

Social sphere and personnel policy **(S)**:

- Production safety and occupational health
- Quality work conditions
- Human resources management and engagement
- Equality of rights and opportunities

Corporate governance and competitive practices **(G)**:

- Risk management
- Quality assurance system
- Anti-corruption policy
- Sustainable supply chains

4. Legal framework and compliance with statutory requirements

GRI 2-27

Interenergo LLC has been incorporated under the laws of the Russian Federation and operates under Russian law. More than 150 regulatory legal acts, industry by-laws, international and federal standards, regulations and instructions are directly applicable to our company's activities.

The company holds licences issued by the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) for constructing nuclear power plant (NPP) units in terms of performing work and providing services to the operating organisation during NPP construction, as well as during repair, reconstruction and modernisation of nuclear power facilities. In addition, specialised licences have been obtained from the Federal Service for the Oversight of Consumer Protection and Welfare (Rosпотребнадзор) and the Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters.

5. Environment and ecological aspects (E)

Interenergo has implemented an environmental management system complying with the requirements of GOST R ISO 14001-2016.

The company carries out internal environmental assessments of all projects and initiatives, which help determine the types and amounts of potential negative environmental impact, evaluate the consequences and develop environmentally effective options for the planned activities.

At the strategic level, management of environmental aspects is the responsibility of the Deputy CEO for Quality Assurance and Contract Execution and is carried out under the internal Integrated Management System Policy introduced in 2018 (latest version as of 22 October 2022) and the Environmental Safety Manual, dated 18 November 2019.

Taking into account the scale of technogenic impact and long operational life of energy infrastructure facilities where our company's technological solutions are applied, we adhere to such basic principles as:

- 1 Performing preliminary comprehensive assessment of engineering, technological and environmental risks;
- 2 Using advanced technologies to reduce industrial pollution, including emissions of greenhouse gases and air pollutants; and
- 3 Implementing measures to minimise environmental impact in the territories of operation and in day-to-day operations.

From the very start of construction and installation works at the Udarnaya TPP in the Krasnodar Region, significant attention has been paid to reducing environmental impact, which is evidenced by the fact that during the works in 2019–2021, no significant fines were imposed on the company for violation of environmental legislation and/or requirements for the composition and content of permit documentation for use of natural resources.

In 2022, significant changes were made to the project documentation to enable the increase of the TPP’s capacity to 560 MW in order to eliminate energy deficit in the region. Thus, the facility was reclassified from Category II to Category I of negative environmental impact (NEI) until the completion of the governmental expert review of the amended project documentation in 2021.

Key indicators for 2022

Indicator	Total value for 2022
Emissions of pollutants into the atmosphere	157,7 tonnes
Waste generation	1 746,3 tonnes
Waste sent for recycling, kg	1 247,1 tonnes (71,4% of the total volume)
Water consumption	14 120 m ³
Energy consumption	3 493 MWh

Waste generation

Operational processes and works of Interenergo do not generate hazardous waste. Accordingly, hazard class IV-V wastes are managed on the basis of applicable Russian laws, local regulations and instructions.

The company imposes due requirements for responsible behaviour of contractors in terms of waste management. Contractors’ obligation to manage waste generated as a result of their work and provision of services in accordance with legal requirements is written into their contracts. When contractors transfer waste to third parties for disposal and neutralisation, checks are performed to ensure that the third party has a valid waste management licence, and when waste is transferred for burial – to ensure that the waste disposal facility is included in the state register of waste disposal facilities.

Reporting on waste transfer is compiled on a quarterly basis, with data on the amount of each type of generated waste intended for disposal, neutralisation, placement and treatment recorded in the Waste Movement Log.

We are increasing the volume of separate waste collection: as of 2022, there were contracts for disposal of office equipment, batteries and accumulators. Separate bins for plastic, paper and cardboard have been set up at the company's offices.

In 2023, we plan to increase the number of corporate events aimed at raising environmental awareness. The company has long had an electronic document management system in place, and the digital format is preferred for all presentations and reports. Moreover, since 2021 the use of mercury-containing fluorescent lamps in the office premises has been discontinued.

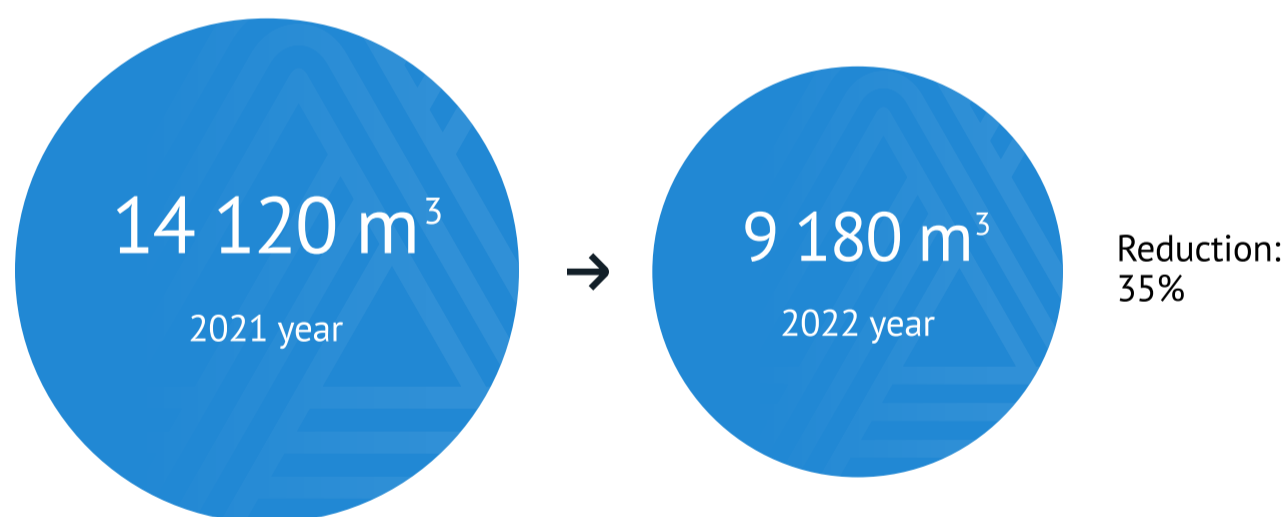
Other environmentally conscious habits aimed at reducing daily negative impact include phasing out disposable tableware, and purchasing stationery and consumables made from recycled materials.

Water consumption and wastewater discharge

The territories where the company carries out its main production activities do not experience any shortage of water resources. In 2022, no risks related to shortage of water resources for consumption were identified.

The company's main water consumption facilities are office premises and the TPP construction site in the Krasnodar region.

Wastewater disposal in the office premises is centralised under an agreement with the management company and relevant utility service agreements.



The total volume of water consumption of the construction site for process, production, drinking and domestic needs in 2022 was at 14,120 m³. Compared to 2021, a 35% decrease in water consumption was recorded, which is due to the nature of commissioning works, as well as the completion of testing of tanks and in-station water supply and water disposal systems.

At the end of 2022, the construction site had a combined water supply system: the centralised system of 'Vodokanal Krymsk' and its own reservoirs (tanks).

As the plant is commissioned, a closed water rotation system will be launched at the Udarnaya TPP, in which all process water will be used in the technological cycle. One of the principal engineering solutions that reduce the need for water from external sources during TPP operation and neutralise water vapour emissions is the installation of dry cooling systems i.e. air condensing units.

Modern water treatment plants and purification facilities of the TPP will ensure treatment of wastewater and storm water, so that their composition meets the increased environmental requirements. An off-site isolated sewerage network of conditionally clean water was built, extending from the TPP's territory to the established discharge point.

Additionally, the company holds regular educational events aimed at introducing simple everyday practices to reduce water consumption.

Emissions of greenhouse gases and pollutants

As a state-of-the-art engineering company focused on providing the market with carbon footprint reducing solutions, Interenergo implements well-tested solutions to reduce CO₂, NOx, and other climate-impacting gases and pollutants.

During the construction of the Udarnaya TPP, the best available technologies and solutions are employed, allowing us to achieve significantly lower indicators in relation to the maximum permissible concentrations (MPC) established by law. Here are some of the solutions used:

- Progressive power generation technology (automation, integrated mechanisation, remote control, continuous production, automatic monitoring of processes and operations);
- Resource-saving technologies;
- Remote-controlled shut-off and shut-down devices with minimum tripping times;
- Optimal height of chimneys that ensures the required surface dispersion rate;
- Design of burners and combustion chambers using the dry low emission (DLE) technology for gas turbines.

Effects of using the DLE technology:

Emission factors of nitrogen oxides (NOx) when operating on natural gas do not exceed:

50 mg/nm³

Emission factors of carbon monoxide (CO) when operating on natural gas do not exceed:

50 mg/nm³

All stationary sources of pollutant emissions are equipped with automatic means of measuring and recording pollutant emission indicators, which ensures transparency in this regard. The installed software enables transmission of up-to-date data to the agencies authorised to conduct regional and/or federal environmental monitoring.

Since the company's current operating activities do not include production processes or management of power generation facilities, the primary sources of Tier 1 emissions (Scope 1) are the following:

- Vehicle fleet
- Construction and road machinery
- Temporary sources of power supply during construction of TPPs

The company is committed to global climate goals and continuously improves its environmental practices. One of the small but significant steps we made is transitioning to using Euro 5 (or higher quality) fuels for our vehicles and equipment.

Our efforts with regard to assessing and recording the carbon footprint will continue in 2023. We plan to perform climate impact assessment using the company's own resources with the involvement of accredited verification organisations.

To this end, the company's employees received advanced training under the programme 'Greenhouse Gas Management and Related Activities' (ISO 14064-1, ISO 14064-3, ISO 14065, ISO 14067 and ISO 17029) at the International Institute for Strategic Development of Sectoral Economies of RUDN University.

Biodiversity

Interenergo's headquarters and offices are located in urban areas and have no significant impact on biodiversity.

However, the construction site of the Udarnaya TPP is home to a number of species listed in the Red Data Books of the Russian Federation and the Krasnodar Region, so measures have been taken to preserve the natural environmental balance and preserve their habitat. Since 2019, appropriate compensatory measures have been implemented, with assistance from certified environmental organisations and supervisory authorities.

In 2022, expenditures on compensatory measures implemented at the construction site and during the installation of off-site networks totalled at RUB 5.32 million.

Over 130 artificial nests and dens for insects, amphibians, reptiles and birds were built, and translocation of small representatives of local fauna was carried out. With the assistance of qualified specialists, we took steps to preserve the habitat, breeding conditions and movements of local 'red-listed' species, such as vipera renardi, the Caspian whipsnake, carterus gilvipes, carterus angustipennis lutschniki and ablattaria laevigata.







Photo: Maxim Ryzhov

Comprehensive monitoring is carried out on a permanent basis to compile relevant materials and inventory of fauna, and assess the amphibian and reptile populations. Moreover, research is carried out to identify areas of the most important habitats of invertebrates, including critical habitats for creating zoological micro-reserves.

Furthermore, thanks to the development and observance of rules of conduct for personnel as well as principles of performing TPP construction works, no facts of oppression of flora or fauna were recorded.

6. Social sphere and personnel policy (S)

Interenergo promotes professional and social development of employees, alignment of corporate goals with individual goals, comfortable environment and flexibility of approaches.

The company is consistently developing its corporate culture, strengthening commitment to respecting human rights, and ensuring comfort and equal opportunity in work and during the recruitment process.

Our corporate values are responsibility, engagement, mutual respect and professionalism, and they serve as a solid foundation for professional development, progressive career growth and self-fulfilment.

We continuously work to introduce new integration practices and improve working conditions: the company has convenient and transparent rules for assessing fulfilment of key performance indicators (KPIs), a system for monitoring the corporate climate and feedback, and regular informal communication between top management and employees at different levels to identify bottlenecks and develop internal entrepreneurship. The implementation of new initiatives and approaches to corporate settings is based on best global practices and takes into account the opinion of the team.

Our corporate climate allows us not only to enhance professional competencies of the team, but also to increase individual productivity for the benefit of others, both at the company level and a more global level – through charitable and social work.

Interenergo and its team pay considerable attention to making contributions to society not only in their everyday work life, but also through social projects, including charitable activities. For instance, the Good Deeds Crew was initially an initiative of the company's employees, which was further supported at the corporate level.

As part of its sustainable development plans, the Good Deeds Crew provides financial support to social rehabilitation centres for families, helps elderly people in difficult situations, and purchases food and medicines for animal shelters. The project operates in Moscow and the Moscow Region, the Tver Region, the Smolensk Region and the Krasnodar Region.

In addition to financial assistance in purchasing food, medicines and necessary equipment, participants of the charity project, together with volunteers and social workers, conduct educational and entertainment activities.

7. Personnel policy

GRI 2-7

Interenergo develops its corporate culture based on the principles of equality and respect for human rights, promotes the unlocking of professional potential and creates comfortable conditions for work, informal leisure and social development.

The HR policy is based on the principle of respect for the contributions and time of each employee, which allows us to act as a single well-coordinated mechanism. The company creates jobs for both highly qualified personnel and recent graduates.

Key areas of Interenergo's HR policy:

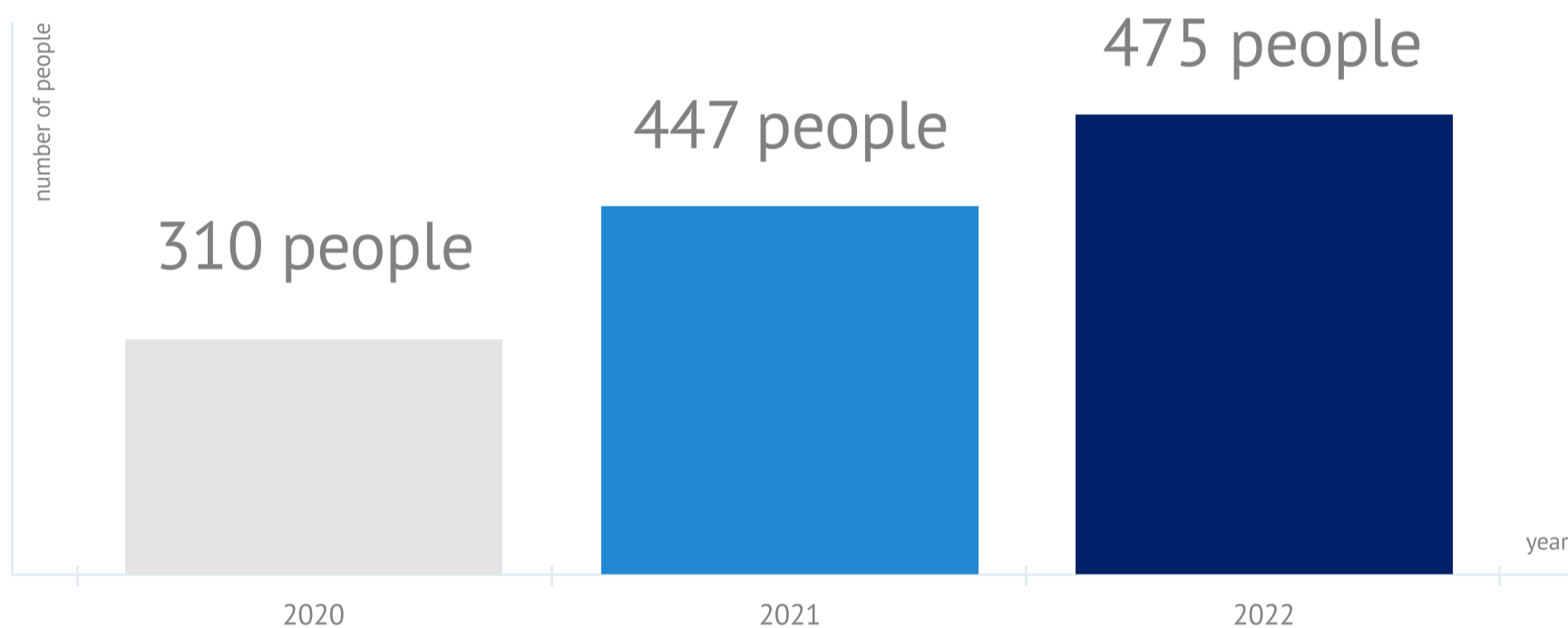
- Fulfilling the need for qualified personnel,
- Providing competitive remuneration and expanding non-financial incentives,
- Conducting regular training and professional development programmes,
- Ensuring comfortable and safe working conditions,
- Providing social and psychological support, and
- Creating conditions for professional development and promotion of initiatives.

The fundamentals of Interenergo's value proposition as an employer are as follows:

- Combination of financial and non-financial incentives,
- Hybrid work,
- Company-sponsored professional and additional training,
- Extended voluntary health insurance (VHI) and compensation of up to 100% of sick leave in cases of temporary incapacity for work,
- Corporate discounts and loyalty programmes.

As of December 2022, Interenergo employs 475 people, with 240 employees hired during the reporting period – a 14.5% decrease from the previous year. Staff turnover was at 43%, which is relatively high but is due to the project nature of work and completion of phases under the EPC project. Notably, turnover among administrative and management staff did not exceed 17%.

Company's personnel in 2020–2022



According to our data, over 31% of employees have been working at Interenergo for two years or more, with 55 people having more than 5 years of continuous employment in the company's structure. Among other factors, this result is due to the practice of utilising internal resources when selecting candidates for managerial positions.

As the company operates under high standards for professional qualifications and work quality, it hires experienced professionals and promising young specialists. This explains a relatively high level of average monthly salary at RUB 121.8 thousand, which is 4.5% higher than the average level in the Moscow region for 2022, according to the Federal State Statistics Service. In addition, there is a system of regular and project-related bonuses, and to ensure it is unbiased, employees are evaluated on a quarterly basis and as individual project phases are completed.

Development of professional applied skills as well as flexible, universal competencies (soft skills) has always been valuable for any career path. Interenergo creates ample opportunities for continuous training: in 2022, more than 25 employees were trained under 20 professional retraining and additional education programmes, seven employees were recertified, and five employees were authorised to perform new types of construction and installation work.

The main areas of educational programmes include occupational health and safety, nonconformity management, information technology, and unmanned aircraft systems management. In the future, there are also plans to expand the internal training programme and improve the corporate experience exchange system.

Furthermore, a comprehensive onboarding and orientation programme is in place for all new hires, so that they can familiarise themselves with the corporate culture, internal processes, and process safety requirements.

Creating a safe working environment and fostering a culture of safe conduct among employees is one of our priority areas. Development of industrial safety programmes for operational activities and monitoring their implementation fall under the responsibility of the Deputy CEO for Quality Assurance and Contract Execution, while hands-on management is carried out by the Occupational and Industrial Safety Department based on the requirements of ISO 45001:2018. Key employees of the headquarters and the regional office undergo regular training in accordance with standard additional professional programmes approved by Rostekhnadzor.

Special attention to safety compliance, regular briefings and use of modern controls in our work have ensured that Interenergo has a [zero Lost Time Injury Frequency Rate \(LTIFR\)](#), meaning that there were no occupational injuries in 2021 and 2022.

What is more, the company provides internships for university students and organises open days for high school students.

Age structure of personnel

Under 35 y.o.	36 – 50 y.o.	Over 50 y.o.
141 employees	242 employees	92 employees
30%	51%	19%

Customised IT infrastructure and lessons learned from the period of self-isolation during the pandemic have helped us create a foundation for hybrid and remote work without loss of quality. The percentage of staff favouring this approach is 15.3%.

Employees with indefinite employment contracts

	Number of employees	Place of work	% of men	% of women
Full time	166	Moscow	47	53
Part time	4	Moscow	100	0

Employees with fixed-term employment contracts

	Number of employees	Place of work	% of men	% of women
Full time	300	Krasnodar Region	83	7
Part time	5	Krasnodar Region	80	20

A significant share of employees who work under fixed-term labour contracts is due to the phase-based nature and duration of certain types of construction and installation works under the EPC project in the Krasnodar Region.

When it comes to work that is not related to regular operating activities, our company is open to co-operation with freelance specialists under civil law contracts. In 2022, we executed 16 such contracts with designers, photographers and consultants.

Another important aspect of social work is the variety and frequency of small-scale but significant team events and competitions. The plans for 2023 already include an intellectual quiz tournament as well as regular sports training sessions – particular activities will be determined with active participation of Interenergo's employees.

7. Governance, risk mitigation and competitive practices (G)

The strategic development vector, image and structure of the solutions portfolio offered to the market are determined by the President and management of Interenergo.

Sustainability and value creation for stakeholders, as well as optimal and relevant offers for the market are achieved thanks to multiple years of experience, professionalism of the team, and an extensive network of industry contacts.

Interenergo is incorporated and operates as a limited liability company; the owner of 100% of the shares is Mr Alexander Em who holds the position of President of the company.

The company's organisational structure is based on a functional model with specialisation by product areas, e.g. EPC projects, pipeline systems, boiler equipment, supply of metalworking equipment, gas treatment systems. Interenergo's management system is characterized by high flexibility and autonomy of department heads within their areas of responsibility. We also have an established practice of direct communication without unnecessary formalities.

The supreme governing body of the company is the General Meeting of Participants. The General Meeting is responsible for handling the most significant corporate governance issues, determining target financial and commercial indicators, and assessing the final results and intermediate stages of the long-term strategy.

The company's collegiate executive body is the Board of Directors.

The company's one-person executive body is the CEO.

Due to its cross-functional nature and strategic importance, the sustainability agenda and related reporting are managed by the Advisor to the President. Management of environmental, social, corporate and financial aspects is a standard long-standing practice at Interenergo, which in 2022 was duly systematised. This step allowed us to identify weaknesses, as well as areas for improvement, risk mitigation and enhancement of the company's social responsibility practices. Furthermore, this process is facilitated by a certified Integrated Management System (IMS) based on the requirements of international standards ISO 9001, ISO 14001 and ISO 45001.

In our relations with stakeholders, Interenergo is guided by the Policy, Objectives, Guidelines and other local regulations under the IMS. As for procurement, preparation of tender bids and assurance, dedicated local regulations are in force, such as the Regulation 'On Procurement', Regulation 'On Internal Audits and Audits of Contractors / Service Providers', and Regulation 'On Quality Assurance Procedures'.

These documents set forth key approaches and principles, including:

- Managing stakeholder/contractor relationships to improve their impact on the company's performance;
- Ensuring quality assurance at all stages of project implementation and prompt management of non-conformances;
- Conducting multifactor evaluation of the value and competitiveness of the company's own offers; and
- Developing the anti-corruption policy and rules of procurement in accordance with Russian laws, industry standards and principles.