

INDEPENDENT ASSURANCE OF SOCIAL REPORTING

Addressed to Open Joint Stock Company "Federal Grid Company of Unified Energy System" and its stakeholders.

Introduction

This audit assurance refers to the public report on social responsibility and corporate sustainability of Federal Grid (hereinafter - the Report) based on 2012 FY results. The report prepared by Federal Grid (hereinafter - the Company), which is responsible for the preparation, compilation and presentation of all information in the Report. Within the agreed task CJSC Bureau Veritas Certification Rus bears responsibility only to the Company for the results of work on limited assurance of the Report and does not assume responsibility to any party for decisions made, deferred or withdrawn on the basis of the assurance.

Objectives and Criteria for Assurance

Work on the assurance of the Report is performed on the basis of a formalized methodology of assurance standards AA1000 Assurance Standard (AS) 2008 and audit of non-financial reporting ISAE 3000.

While working on the Report the following problems were set and solved:

1. To assess compliance with the principles of inclusivity in the Report, materiality and responsiveness, described in AA1000 Accountability Principles Standard (APS) 2008.
2. To assess the level and quality of stakeholder`s engagement in the preparation of the Report in accordance with AA1000 Stakeholder Engagement Standard (SES) 2011.
3. To assess the degree of the implementation of principles by the Company to determine the content and quality of the Report on Global Reporting Initiative Sustainability Reporting Guidelines, including the context of sustainable development, the complete coverage of material topics and indicators, balance, comparability and accuracy etc.

4. To assess the degree of compliance of the Report with B+ level of the Global Reporting Initiative Sustainability Reporting Guidelines, declared by the Company.

5. To make recommendations on the preparation of corporate public non-financial reporting for future periods.

Type and Level of the Assurance

The assurance of the Report is based on the following provisions of AA 1000AS (2008) standard:

- the type of assurance - 2 ("Type 2 - AccountAbility Principles and Performance Information"), which provides for assessment of the degree of compliance of the above accountability principles in the aggregate with the assessment of the reliability of performance indicators (data, statements) included in the Report;
- the level of assurance - "moderate".

Methodology and Scope of Work Performed on the Assurance

- Interviews with the Company`s management` representatives to clarify how the Company accounts for key aspects of corporate social responsibility in forming long-term business development strategy and how these aspects are integrated into the Company`s business processes system.
- Interviews with key personnel of the Company, involved in the preparation of various sections of the Report, to confirm the fairness of the statements and information in the Report.
- Verification of the objectives` implementation in the field of corporate social responsibility for 2012 set by the Company in 2010-2011 reports.
- Verification of documents (regulations, guidelines, etc.) and information (including the primary sources of information), which characterize the results of responsible business practices in the

field of corporate social responsibility.

- Assessment of the effectiveness of economic, environmental and social aspects of managerial approaches applied by the Company.
- Verification of the Company's communications with stakeholders in the reporting period, including via the presence of the representatives of Bureau Veritas Certification Rus at public events with stakeholders to assess the criteria and procedures for selection of material economic, social and environmental aspects to be included in the Report.
- Verification of the processes, used by the Company, of the collection, consolidation, processing, analysis and documentation of information included in the Report.
- Study of documents based on the results of the Company and stakeholders dialogue (information materials, lists of participants, minutes of meetings, changes and additions made to the Report on the results of these events.)
- Analysis of data extract from mass media and Internet resources with references to the Company's activities in the field of assurance, and published statements of third parties which characterize the Company's commitment to the values of corporate social responsibility as an evidential base to verify the feasibility of the statements in the Report.
- Review of the preliminary version of the Report to identify possible inaccuracies, contradictions and unfounded statements.
- Verification of the compliance of the information published on the Company's corporate website with standards AA1000APS (2008), AA1000SES (2011) and the GRI's recommendations.

Verification of the adequacy of presented statements, applications and information in the Report was carried out using the following procedures:

- participation of a representative of Bureau Veritas Certification Rus in the Company's dialogue with stakeholders (April 5, 2013) and public hearings on the Report (April 26, 2013);
- visit of assurer the Company's headquarters in May 2013, interviews with managers and specialists on environmental management, occupational health and safety, social and personnel policies and corporate communications;
- visit of assurer the Company's branch MES of the Center in May 2013, interviews with managers and specialists on issues of the branch's participation in the preparation of information for the Report.

In preparing assurance, in addition to the Report's information, the information published on the corporate website <http://www.fsk-ees.ru/>, as well as materials of mass media, including news agencies ITAR-TASS, Interfax, RIA Novosti, RBC, Finam.Ru, federal newspapers "Kommersant Ъ", Komsomolskaya Pravda, corporate newspaper "Unified Grid" were used.

Scope of Assurance

- Assurance was not conducted with respect to performance indicators, beyond the timeframe of the current 2012 reporting cycle.
- Assurance was not conducted with respect to financial performance, verified by other independent audit organizations.
- Assurance did not extend to the opinions, assumptions, suggestions or intentions of the Company to take any actions in the future.
- Assurance did not include the performance indicators of Global Reporting Initiative Sustainability Reporting Guidelines, recognized irrelevant by the Company at the time of preparing this Report.
- The work on the assurance was carried out prior to its official publication on the Company's corporate website.

The Basis for the Formation of our Opinion

Work on the assurance of the Report was based on the analysis of supporting information provided by the Company's management and its structural divisions, on data of the state statistical reporting and on other information from available sources using analytical methods for confirmation. Assurance includes the Company's size, role and place in the Russian energy sector and entitative limitations of a confidential nature. Selective verification of information in the Report carried out within the framework of the "moderate" level of assurance provides a lower level of guarantees of assurance than a full audit of all information ("higher" level). With respect to numerical information in the Report, the work performed cannot be considered exhaustive to identify all possible inaccurate information. However, data collected by the assurer in the course of work is a sufficient basis to form our conclusions with the accepted "moderate" level of assurance as to the degree of the Company's compliance with the principles of inclusivity, materiality and responsiveness of AA1000APS (2008) standard, as well as the quality of information disclosure on performance indicators of sustainable development in accordance with AA1000AS (2008) standard and the GRI's recommendations.

Our Opinion on the Report as a Whole

- The Report adequately reflects the Company's performance in terms of corporate non-financial public reporting.
- The structure of the Report is rational; it is presented in an understandable form, sufficiently accurate, objective, informative and balanced in content. The Report contains information in an amount sufficient for stakeholders and, at the same time, avoids excessive details. Abbreviations and technical terms are explained. Text part of the Report is accompanied by charts and

diagrams, which have a positive effect on the overall perception of the reporting information.

- The Company has effective management systems, which can identify material economic, social and environmental aspects of the activities, plan, manage and improve related processes, define the expectations of stakeholders on the material aspects, reflect them in its policy and timely respond to them in the course of operating activity.
- Systems of organization, management and monitoring for the process to prepare the public non-financial reporting on the part of the Company's management are fully complied with the Company's mission, its policies, procedures and resources.
- Corporate social responsibility and sustainable development policy is an important part of the overall process to develop the Company's development strategy, implement planned measures, evaluate its performance and develop key areas for improving business.
- The Company's top management demonstrates its commitment to the principles of corporate social responsibility and sustainable development, and is directly involved in the preparation of the Report.
- Some inaccuracies, errors and discrepancies in figures identified on a selective basis during the work on the preliminary version of the Report are not critical. They generally do not distort the information contained in the Report and have not significant impact on stakeholders' ability to draw corresponding conclusions in terms of the results of the Company's activity and are eliminated by the Company in the final version of the Report.

Compliance of the Report with AA1000APS (2008) Principles Stakeholders' Engagement

- The information presented in the Report and direct and indirect

evidences obtained by us suggest that in preparing the information to be included in the Report the interests of key stakeholders were taken into consideration.

- The Company provides a comprehensive, coherent and consistent approach to consideration of all material aspects identified during communications with the stakeholders, as well as to identify — ways to address them.
- The Company assesses the degree of implementation of the identified interests and proposals of stakeholders with its documentation in the Report.
- The main channels of informing and communicating with stakeholders include: reports, including this Report, meetings with the Company`s top management, its subsidiaries and dependent companies with managerial and operational personnel, news, press releases, interviews, negotiations, conferences, forums, surveys, the Company`s website, publications in mass media, audits and verifications, written appeals and complaints, as well as other public access mechanisms.
- The Company has a long-standing practice to prepare reports on social responsibility and corporate sustainability with engagement of stakeholders, while ensuring continuity and transparency of the reporting preparation process.

The Materiality of the Information Provided

- The Company has implemented a process to identify the material aspects of activity due to specificity of energy industry and the GRI guidelines with respect to the reporting principles. During the reporting period, the process of actualization of material aspects was maintained on a continuous basis.
- The Report is a balanced and reasonable presentation of information on material economic,

social and environmental aspects of the Company`s activities for stakeholders. The Report provides a list of 2012 key events in the context of its sustainable development.

- In determining material aspects the Company took into account the key internal and external factors of activities, as well as risks.
- The Report discovers essential information on maintaining the Company`s economic sustainability, priority areas of activities, the implementation of its investment program and innovative policy and gives self-esteem of the social commitments` fulfillment for 2012.
- The degree of attention paid to the various topics in the Report is proportional to their relative importance (materiality).
- The Company demonstrates an understanding of the concept of corporate social responsibility and sustainable development, uses objective information in reflecting different topics in its Report. The Report contains the long-term objectives of sustainable development for 2013-2014 and for the long term for some areas of activities (anti-corruption efforts, environmental policy and innovation development).
- The format of the provision of information and data in the Report enables users to identify trends in the Company`s performance indicators, its achievements and partially - unsolved problems in the context of economic, environmental and social aspects.
- The provided information about the material aspects of corporate social responsibility and sustainable development of the Company has sufficient traceability of the processes of gathering, processing, transfer and presentation of information.
- Based on an analysis of the Report`s information and interviews, no material aspects of corporate social responsibility and sustainable

development, which would have been missed or wrongly excluded from reporting, can be called.

- Sufficient information about the Company's compliance with regulatory acts of the Russian Federation is provided in the Report.

Responsiveness to Stakeholders' Expectations

- Currently we are not aware of such areas, which could be but were not disclosed in the Report, in which the Company would be unable to respond to reasonable inquiries from stakeholders.
- The Report contains information on accounting proposals from stakeholders made during the dialogue and the public hearings on the Report.
- The Company fulfilled a significant part of the plans and commitments presented in the previous period Reports. Some commitments are being fulfilled.
- The Company is customer-oriented. Requirements of consumers are provided with reliable and quality power supply and short terms of technological connection to power grids. In forming the Company's positive image as a reliable partner, the investment and innovation activities which received considerable attention in the Report, play a significant role. Over a period of several years, the Company surveys level of satisfaction with the quality of services on technological connection. Positive dynamics of satisfaction is achieved.
- Opinions and expectations of the Company's shareholders are recognized by implementing the corporate governance principles.
- Interests of employees are taken into account by accepting collective agreements.
- The Company has developed and implemented a risk management system in the field of occupational safety and health, aimed at

prevention of industrial injuries and occupational diseases, the improvement of working conditions and occupational safety and health of employees. Ensuring safe work of personnel is one of the Company's key priorities.

- Responsiveness to the regions of presence` needs is accomplished through a wide range of economic and social programs and projects. The Company is the largest taxpayer at the federal, regional and local levels and contributes to the formation of industrial and socio-economic infrastructure in the regions and involves in the preparation of the 2014 Olympic Games, as well as the 2018 FIFA World Cup. Cooperation agreements were signed with 25 constituent entities of the Russian Federation.
- The right of the population to a favorable environment is ensured by the Company's planned environmental activities. The Company has developed a corporate environmental policy and its implementation program and an environmental management system based on the ISO 14001:2004 international standard is consistently implemented. Environmental monitoring and environmental audits are conducted. The Company's managerial and investment decisions provide for the consideration of environmental aspects. Environmentally friendly technologies of power transmission which reduce the burden on the environment are introduced. The Company's technical policy provides for measures to reduce the impact of power grid facilities on the species composition of animals. Register for specially protected natural reservations, where Federal Grid operates, is maintained. Implementation of a wide range of organizational and technical measures resulted in the achievement of positive dynamics on key indicators of the environmental impact.

Compliance of the Report with the GRI Guidelines

The Report is prepared by using the recommendations of the Global Reporting Initiative Sustainability Reporting Guidelines GRI G3.1. The Report contains information on all standard reporting elements, as well as the needed GRI key performance indicators. Table of the GRI Guideline's indicators in the Report objectively reflects the actual level of information disclosure. The principles to determine the content and quality of the Report, including the context of sustainable development, timeliness, balance, comparability, completeness, accuracy, clarity, etc. are implemented. The Report complies with the declared level of accountability B+. The fact that the Report does not contain detailed information on certain GRI performance indicators is due to the fact that currently the Company collects statistical data to justify them. In addition, the Company believes that certain performance indicators are not material for stakeholders and their contribution to the reporting can be neglected.

The Extent and Quality of Stakeholders Engagement in Accordance with AA1000SES (2011) Standard

The process of public reporting is generally follows the recommendations of the AA1000SES (2011) standard. The Company has developed, implemented and maintained a methodology for the

identification of stakeholders on the basis of multi-criteria approach, using criteria of dependency, responsibility, degree of impact, etc. The process of stakeholders' engagement in the preparation of corporate reporting is planned well in advance. Responsibility and authorities of the Company's management and employees in the area of communications with stakeholders are identified, the necessary resources are being allocated. Periodic monitoring and updating of key interests, needs and expectations of stakeholders, on the basis of that priorities and best practices for communications with them are determined. The results are documented and promptly sent to stakeholders. Evaluation of the effectiveness of the communications with stakeholders is carried out. As a result of the preparation of the Report, public assurance that confirms the materiality and completeness of the information disclosed and the Company's responsiveness to the inquiries from stakeholders is carried out.

Recommendations to Prepare Corporate Public Non-Financial Reporting in the Future Based on Best Practices

- Disclosure of information in the reports according to "completed tasks - plans for next year - the prospects for the next few years" principles.
- Further disclosure of performance indicators in the reports provided by the Global Reporting Initiative

Sustainability Reporting Guidelines GRI G3.1 and industry-specific application for the electric power industry.

- More detailed description of the Company's risk management directly in the reports of social responsibility and corporate sustainability, including the risks' register, risks' priority ranking, description of existing methods of managing these risks, the measures taken to mitigate the risks and to assess their effectiveness.
- Increasing the scope of the implementation of infographics in the disclosure of the material aspects of the Company's activities.
- The development of the practice of public dialogues with stakeholders' representatives on the most substantive issues of the Company's sustainable development, including in the regions where the Company operates.
- Conducting social reporting process internal audit in the Company and presenting materials in subsequent reporting cycles.

The Statement of Bureau Veritas Certification Rus on the Independence, Impartiality and Competence

- Bureau Veritas is an independent professional international company which specializes for over 180 years in providing services in the field of accredited certification of various management systems (in particular, quality management systems, occupational health and safety, environmental protection, social responsibility, etc.).
- CJSC Bureau Veritas Certification Rus officially declares that this Assurance is an independent assessment of a third party auditor. CJSC Bureau Veritas Certification Rus has no commercial interest in the Company's activities except for the assurance services rendered.
- The auditors of CJSC Bureau Veritas Certification Rus involved in the work on assurance have the necessary level of competence in the assurance of public non-financial reporting in accordance with our internal procedures and best practices.



Assurer

CJSC Bureau Veritas Certification Rus

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Moscow