

## Conclusion on the Public Assurance of 2012 Federal Grid Company Social Responsibility and Corporate Sustainability Report

### General Information

The management of Federal Grid Company invited us to assess 2012 Social Responsibility and Corporate Sustainability Report (hereinafter - the Report) in terms of completeness and materiality of the information disclosed, as well as give an opinion for the Company's management response to stakeholders inquiries. For this, the Company gave us and our representatives the opportunity to participate in the dialogue with stakeholders on the topic "Human Capital Management in Federal Grid Company" (April 5, 2013) and Public Hearings on the Draft Report (April 26, 2013), where we could freely express our opinions on the issues discussed.

### Report Assessment Process

Our Conclusion is based on a comparative analysis of the two versions of the Report (Draft Report for Public Hearings and the final version), as well as on the analysis of comments and answers to our questions that we received from the management and employees of Federal Grid Company during the Dialogue and Public Hearings.

We were also able to evaluate the Company's ability to respond to stakeholders' suggestions and comments that they expressed at these events. When evaluating, we made recommendations to improve the quality of future Reports and improve the reporting process as a whole. Verification of fairness of the information presented in the Report is not a matter of public assurance, so we did not set the task to verify the authenticity of the Company's financial and non-financial performance, which is monitored by independent auditors,

internal control and audit divisions, tax authorities and other authorized organizations. We took into consideration the following criteria: the orientation of the Report to the requirements of the selected standards and guidelines for reporting in the field of sustainable development (GRI G 3.1 and AA1000 SES); application of the basic principles of reporting, completeness and balance of information; matching to the sustainable development context, response to stakeholders' suggestions; materiality of topics presented in the Report; credibility and consistency of information presented in the Report's main sections.

The results of our work are presented in the form of Public Assurance Conclusion, which contains opinions on which we have come to a mutual agreement. Our own viewpoint is presented in the Conclusion. We express our opinions as individual members of society, and not as representatives of the organizations we work. We have not received remuneration from the Company for the time spent for doing the work.

### Assessment

In general, our evaluation of the Report relating to its format and scope of the information provided is positive. We are not aware of any facts that cast doubt on veracity of the information provided.

The Company's efforts to inform the public about its activities in the field of sustainable development in the form of regular release of non-financial reporting (this is the sixth report) meet with approval. To improve the quality of its reports Federal Grid Company organizes meetings with stakeholders and thus demonstrates a willingness to engage in open dialogue on various

aspects of its activities to increase the transparency of the Company and the electric power industry as a whole.

The apparent advantage of the Report is selection and detailed provision of the information on the Company's priorities in the field of corporate social responsibility and sustainable development. Special attention is given to human capital management: hiring and development of young employees, training and personnel development, improvement of the competence of the Company's employees on innovative areas of work and housing improvement of employees. Thus, we can state that the information on the selected priority topic is adequately disclosed.

### Materiality of Information

The Report provides comprehensive information on the performance in the Company's specific areas of CSR management (human capital management, combating corruption, ensuring reliability, innovative development), on the impact of Federal Grid Company on the environment, society and economy and on managing these impacts. The continuity of the content in relation to previous reports gives insight into the direction of the Company's development to the readers of the Report.

### Balance

We appreciate the achieved information balance level in 2012 Report. The Report sufficiently provides information on all key aspects of activities in the field of sustainable development, reflects management's approaches in these areas, describes both successful

and problematic aspects of the Company's activities. However, we believe that the Company has to focus on informativeness of sections related to biodiversity, SPNR, bird kill and the development of the Company's professional standards in economic, environmental and social spheres.

### Stakeholders Involvement in the Preparation of the Report

The communications between the Company's management and us, as representatives of stakeholders, was organized at a high level, that, in our opinion, had a positive impact on the quality of reporting information. During the Dialogue and Public Hearings we were given the opportunity to make suggestions and proposals to disclose important to us aspects of the Company's activities in the Report.

### Company's Response to the Comments and Suggestions of Stakeholders

The Company's management responded to comments and questions from stakeholders both in the framework of the Dialogue, giving answers to our questions, and in the form of inclusion of updates and additional information into the final version of 2012 Report on our requests, announced at the Public Hearings. In particular, the Company added the following information:

- experience of cooperation with higher educational institutions;
- key documents in the field of personnel management;
- personnel assessment technology

- for personnel reserve;
- dynamics of the number of personal reserve;
- the Company`s waste disposal process;
- calculation procedure of indirect emissions of greenhouse gases;
- other information requested within the hearings.

In our view, in preparing the final version of 2012 Report the Company's management has proved the ability to respond to the suggestions and proposals of stakeholders and respond constructively to the issues raised.

### Recommendations

In preparing reports for future periods the Company should pay particular attention to the disclosure of the following essential topics:

- development of professional standards;
- employee loyalty assessment programs, the Company`s employee satisfaction with the employer surveys;
- labor productivity;
- high-performance workplaces;
- behavioral audits;
- approach to talent management;
- indicators of the effectiveness of training centers;
- Federal Grid Company's scholarship programs for students;
- compensatory measures due to the impact on flora and fauna, soil and ground;
- impact on biodiversity.

In addition, we would like to draw the Company`s attention on the desirability of the following actions as part of communications with stakeholders in the field of corporate social responsibility and sustainable development:

- timely presentation of the Draft Report to the Public Hearings (no later than one week prior to the event);
- full implementation of the engagement plan with stakeholders presenting environmental organizations.

Comments and recommendations made by us do not take from the merit of the Report. We hope that the Federal Grid Company will consistently implement plans and commitments in the field of CSR and sustainable development, as reflected in this Report, and will also develop the practice of interaction with stakeholders.



### Representatives of Educational Institutions

- Vyacheslav Grechikhin, Provost of Academic Affairs, NRU Moscow Power Engineering Institute;
- Sergey Mishcheryakov, CEO, NP CTS Center UES;
- Vadim Vostokov, Director of Innovation and Technology Centre of MIPT.



### Representatives of Youth Organizations

- Gennady Gromyatsky, Deputy Chief of Staff of the Central Headquarter of Russian Youth NGO "Russian student teams";



### Representatives of Industry Associations:

- Arkady Zamoskovny, CEO of RaEL Association;



### Representatives of the Expert Community

- Svetlana Epikhina, a member of the working group "CSR and Sustainable Development" of Agency for Strategic Initiatives;
- Valeriy Oskin, Chairman of the Management Board of non-profit partnership to facilitate faster development "National Confederation" Human Capital Development";



### Representatives of Environmental Organizations:

- Alexey Knizhnikov, Program Manager on Environmental Policy of Fuel and Energy Complex of the World Wildlife Fund (WWF) Russia;
- Dmitry Ochagov, Head of the Reserve Management and Studies Laboratory of All-Russia Scientific Research Institute for Environmental Protection.

