

The environmental safety is a key issue among the Company's strategic priorities and is vital for the daily operations of the Company. This is conditioned by the Company's acceptance of the principles of sustainable development and our awareness that we ought to limit the Company's impact on the environment. We also take into consideration new opportunities that lie open for the environmentally-friendly companies. These opportunities include the attraction of investments on international markets, as the investments may become handy for the Company development.

Considering the above, the Company conducts periodical technical and organizational measures intended to improve the Company's environmental friendliness. The technical measures include the replacement of equipment containing hazardous substances, the repair of oil collectors, the furnishing of locations for temporary storage of wastes, and the construction and reconstruction of sewage systems and treatment plants. The construction and reconstruction of the Company's electric power grid facilities involves the installation of new environmentally-friendly equipment, and the

implementation of new technologies of laying and construction of electric power transmission lines.

The organizational measures, among others, include environmental training of personnel, the improvement of the existing system of environmental production control, the conduct of environmental audits, and the implementation of the Environmental Management System (EMS). The EMS was successfully implemented and certified for compliance with ISO 14001:2004 in MPTL of North-West. The Company's Executive Body and the MPTL of South were certified in 2011, with supervisory audit of these units conducted in 2012. The audit results confirmed the compliance with the standard.

To additionally improve the efficiency of environmental impact management, the Chairman of the Company's Management Board decided to establish a new structural division of the Company's Executive Body in 2012, meaning a department for the implementation of the environmental policy. The Department is responsible for developing guidelines for the Company's environment protection activities. The Department's other responsibilities include the

implementation of the state policy and corporate requirements pertaining to the Company's environmental safety provisions and the implementation of EMS in line with ISO 14000 international standard.

The 2013 plans include:

- The implementation and certification of EMS in MPTL of Center, a branch of the Company, and the maintenance of the optimal operation of EMS within the Company's Executive Body, the MPTL of South and the MPTL of North-West;
- The conduct of internal environmental audits in the branches of the Company;
- The organization of environmental training for managers and specialists in order to comply with the environment protection laws of the Russian Federation, and to improve the environmental awareness of the Company's personnel.



Nikolai Shvets, Deputy
Chairman of the
Management Board

Environmental Impact Management System in the Company and its DSCs

Issues of environmental safety in Federal Grid Company are governed by federal laws of the Russian Federation - "On Environmental Protection", the Water Code of the Russian Federation, "On Air Protection", "On Production and Consumption Waste" as well as by internal organizational and administrative documents -

"Environmental Policy of JSC Federal Grid Company", Program on the implementation of the Environmental Policy of JSC Federal Grid Company for 2011-2013, Regulations on industrial environmental monitoring, "Corporate standards of environmental safety of power facilities at all stages of life cycle," and others.

Environmental Policy

The objective of Environmental Policy of JSC Federal Grid Company* is to increase the level of environmental safety of the UNEG facilities and provide reliable and environmentally safe transmission and distribution of electric energy. As part of the Program on the implementation of the Environmental Policy, Federal Grid Company carries out technical and organizational measures to minimize the negative impact of its industrial activities on the environment.

Technical measures:

- replacing equipment which contains hazardous and toxic substances;
- repairing systems and devices of oil receivers;
- organizing places of temporary waste storage;

Organizational measures:

- introducing environmental management system that meets the requirements of the international standard ISO 14001:2004;
- improving current system for self-monitoring and conducting environmental audits;
- carrying out environmental training of personnel.

As part of the implementation of Environmental Policy in 2012 the following environmental measures were taken:

- systems and devices of oil receivers were repaired at 56 substations;
- places of temporary waste storage were organized at 188 substations;
- sewerage systems, waste treatment facilities of domestic and storm discharges were reconstructed at 28 substations.

To improve environmental activity in July 2012 the Company established Department of Environmental Policy Implementation which main objectives are:

- methodological support for environmental activity of the Company and its DSCs;
- implementation of state policy and corporate requirements to ensure the environmental safety of the Company and its DSCs;
- implementation and maintenance of the environmental management system in accordance with the international standard ISO 14001:2004 in the Company and DSCs.

Environmental Management

The procedure for environmental management in the branches of Federal Grid Company is divided into stages of planning**, implementation, monitoring and control action (if necessary, environmental policy may be adjusted). Environment Action Plans of the branches necessarily include the following items:

- implementation and development of the environmental management system (EMS) that meets the requirements of the international standard ISO 14001;
- conducting industrial environmental monitoring and environmental audits;
- carrying out environmental training of personnel;
- developing legal and technical documentation and improving documentation to support environmental activity.

Federal Grid Company carries out phased introduction of the environmental management system (EMS) in MES.

In 2011, EMS was successfully implemented and certified for compliance with the international standard ISO 14001:2004 in the executive apparatus of Federal Grid Company and MES South. In 2012, EMS was implemented and certified in the branch of Federal Grid Company - MES North-West.

In 2012, there were no fines and non-financing sanctions imposed on the Company for noncompliance with environmental legislation and regulations.

* Environmental Policy of JSC Federal Grid Company was approved by the Company's Board of Directors as of 28 February 2008. On September 23, 2010 Chairman of the Management Board of Federal Grid Company Oleg Budargin approved the Program on the Implementation of Environmental Policy of JSC Federal Grid Company for 2011-2013 and on 30 December 2011 targeted quantitative environmental indicators of Federal Grid Company for 2013-2015 were approved.

** Updated standard forms of the Environment Action Plan and Report on its performance for the branches of Federal Grid Company - MES approved by the Order of Federal Grid Company as of 28.12.2012 No 903r.