

## The Formation of Non-financial Reporting in Federal Grid Company

Understanding the Company's contribution to sustainable development began to be formed owing to participation in RAO UES of Russia's initiative to introduce non-financial reporting in the power industry in 2006-2008.

In 2007, the Company for the first time prepared a chapter "Corporate and Social Responsibility" in its 2006 Annual Report.

As early as in 2008, after finalizing the Company's target structure, the first full-fledged non-financial 2007 Federal Grid Company Report was published. It became a launch attempt to describe the Company's activities in terms of its impact on various aspects of the country and society's life. At that time, as the main tool for managing CSR, the Company defined its Public position regarding CSR, i.e. it formulated the principles of decision-making and the Company's actions when interacting with stakeholders, and elaborated on its responsibility to various stakeholder groups. Then, the Company made a gradual transition from a fundamental and generalized understanding of its

corporate social responsibility to the management of specific aspects of sustainable development, which are meaningful to stakeholders.

The Company all along has released its annual non-financial reports in accordance with international standards and "best practices", kept a dialogue with stakeholders and steadily increased the level of reporting, and the breadth and depth of its performance disclosure.

2007

Chapter "Corporate and Social Responsibility" in the 2006 Annual Report. This chapter defines a task to develop the CSR and non-financial reporting management practices, and an obligation to release in 2008 a full-fledged non-financial report.

2008

First 2007 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G3, "C +" level of application) and AA1000SES standard.

Dialogues on the topics:

— Federal Grid Company's strategy of interactions with the investment community: stakeholders' requests;

— Communications with regional authorities when grid companies' investment plans are coordinated: status and prospects of development;

Public hearing of the Report.

Second 2008 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G3 and industrial supplement, "C +" level of application) and AA1000SES standard.

Dialogue on the topics: The implementation of the Company's Environmental Policy and a reflection of this process in the Report.

Public hearing of the Report.

2009

Third 2009 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G3 and industrial supplement, "B" level of application) and AA1000SES standard.

Dialogues on the topics: Disclosure of information about the Company's activities aimed at ensuring and managing the UNEG performance reliability.

Public hearing of the Report (absentee consultations).

2010

Fourth 2010 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G3 and industrial supplement, "B+" level of application), Basic figures of Russian Union of Industrialists and Entrepreneurs' performance, and AA1000SES standard.

Dialogues on the topics: Federal Grid Company's Innovative Development Program in the context of sustainable development.

Public assurance by the Russian Union of Industrialists and Entrepreneurs' Council for Non-Financial Statements.

2011

Fifth 2011 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G 3.1 and industrial supplement, "B+" level of application), and AA1000SES and AA1000AS standards, public assurance.

Dialogues on the topics:

Federal Grid Company's Youth Policy: young professional training, recruitment, development and motivation system;

The formation of Federal Grid Company's 2010-2012 Anti-Corruption Policy;

Public hearing of the Report.

2012

Sixth 2012 Report on Corporate Sustainability and Social Responsibility: in accordance with the GRI guidelines (G 3.1 and industrial supplement, "B+" level of application), and AA1000SES standard, professional non-financial audit, public assurance.

Dialogues on the topics:

Human Capital Management in Federal Grid Company;

Environmental impact of Federal Grid Company: management, efficiency, plans.

Public hearing of the Report;

Professional non-financial audit, public assurance of the Report.

2013