

In meeting electric grid companies' needs for staffing, priority is given to current employees and their development in accordance with the qualification requirements, the recruitment of young professionals with specialized professional education and, in the case of senior management positions, the industry's best professionals hired on a competitive basis.

## Establishment of Personnel Reserves

In order to provide qualified personnel in a timely manner for the positions left by resigned employees, enable employees to acquire new experience, and keep employees interested and occupationally motivated, career planning is used. The key mechanism for building a career is the establishment and development of personnel reserves.

Personnel reserves are established for the positions that require a long time of training and continuity:

- senior positions up to the level of line managers (heads of substations/electric grid districts) – managerial personnel reserves;
- positions whose effective performance requires profound knowledge of the electric grid sector's particularities – key personnel reserves.

Over 80% of managerial positions are covered by the personnel reserve. Every tenth reserve member was appointed to a higher position in 2014.

Identifying talented young people and creating the conditions for enabling the electric grid sector's young professionals to realize their potential to the fullest extent are part of establishing the youth personnel reserve. Youth personnel reserves are established at all management levels and consist of around the 3,000 most promising young professionals, including those working in hard-to-reach and remote areas. Each reserve member is assigned a mentor from among experienced employees. Young personnel reserve members are actively involved in the implementation of social events.

Personnel reserve member development is based on individual development plans taking into account the actual level of competencies and qualifications of employees for the target positions. Development programs include training events and on-the-job self-training.

## Personnel Training

The personnel training and development system of electric grid companies is focused on enabling employees to realize their potential and develop as professionals with due regard to the future needs of companies and changes in the external environment and is based on the principles of timeliness, consistency, and continuity.

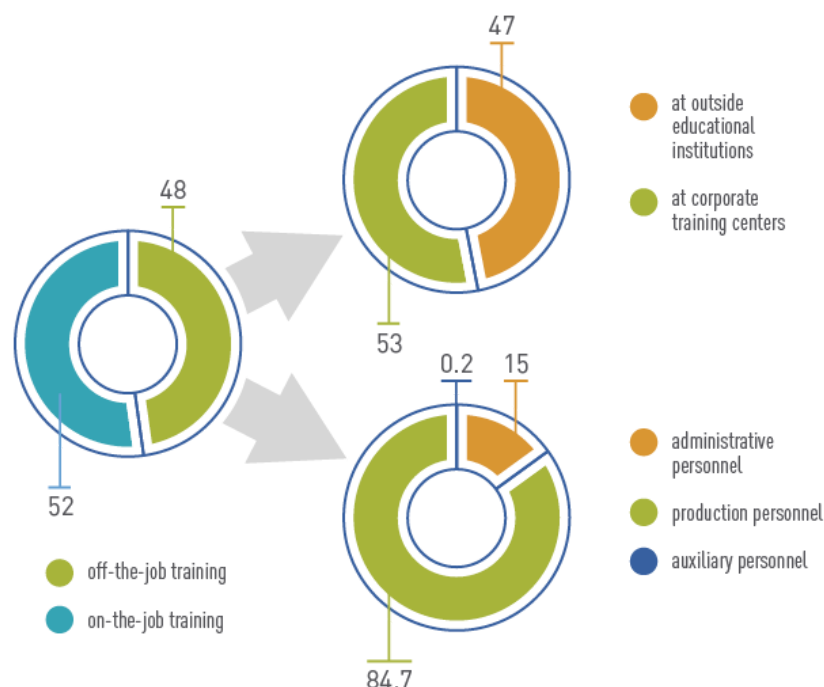
A substantial advantage of the corporate training system is the availability of a network of regional training centers that provide satisfy the basic needs for production personnel training. These are establishments licensed to provide additional professional training and having lecture halls, laboratories, and electric-grid training grounds.

The training, retraining, and advanced training programs for employees are planned in accordance with the following approaches:

- fulfill the requirements for mandatory training and certification for electric grid companies' personnel;
- give priority to the training programs aimed at the development of personnel's innovative competencies;
- provide training for personnel reserve members;
- achieve the targets of annual personnel training (at least one-third of the staff on the payroll annually);
- keep a balance between employees' work hours and personal time in organizing training.

Overall, the training, retraining, and advanced training programs, including training at corporate training facilities, was attended in 2014 by about 240,000 people. Off-the-job training was provided for about half of the Company's staff (105,000 people), which is comparable to the level of 2013 (111,000 people).

Personnel Training Indicators, %



Most of the ROSSETI Group's employees are production personnel (85%), which, coupled with the need to unconditionally comply with the requirements for mandatory training/certification for electric grid companies' personnel, results in the fact that more than 80% of trained employees are production personnel.

## Cooperation with Educational Institutions

Educational organizations are not merely the ROSSETI Group's partners in the development of employee competencies of employees: higher education institutions and secondary occupational education establishments located in the regions of SDCs' operations are the main source of recruiting young personnel.

The main ways of cooperation with supporting educational institutions providing training for future personnel of the electric grid sector are as follows:

- training is provided for electric grid companies' personnel on a targeted enrollment basis;
- the best students are selected and dealt with in the learning process, including scholarship support; they are provided with externships and subsequent employment at electric grid companies;
- student labor brigades are formed for work at electric grid facilities;
- educational organizations take account of the particularities of electric grid companies' activities in the course of young personnel training by:
  - interacting with the educational community, learning and teaching associations of educational institutions in order to ensure the harmonization of educational and professional standards;
  - developing/refining educational institutions' relevant personnel training programs (including engineer training programs and master's programs) and involving company employees in the educational process;
  - facilitating the development of educational institutions' resources for personnel training (providing equipment for classrooms and laboratories, providing samples of electric grid equipment);
  - arranging traineeships for teachers at electric grid companies;
- dissertation research is organized for company employees on the subjects relevant to the development of the electric grid sector;
- students and postgraduates are engaged to carry out work and studies on the subjects related to the electric grid sector.

The partner universities have 5 base departments established with the participation of the ROSSETI Group, including the Electric Power Industry Department of IDGC of Urals organized in 2014 at the Yeltsin Ural Federal University. The base departments are not only a link between employers and educational institutions, which communicates requirements for young professionals' knowledge, but also a platform for providing company employees with advanced training.

The Moscow Power Engineering Institute, Russia's leading energy university, was selected as the key partner of electric grid companies in personnel training. In May 2014, during the St. Petersburg International Economic Forum, ROSSETI and the university formalized their intentions by signing the General Partnership Agreement.

Joint efforts of the ROSSETI Group and supporting educational institutions area gave a new impetus to the development of student labor brigades as an instrument for attracting young people to the industry and ensuring practice-oriented training; in 2014, the fifth season of work at electric grid facilities, 1,560 students from 76 higher education institutions and specialized secondary education institutions worked in 101 student brigades.

#### STATISTICS ON STUDENT LABOR BRIGADES ENGAGED TO WORK AT ELECTRIC GRID FACILITIES (2010–2014)

Year	Number of Students	Number of Student Labor Brigades	Number of Educational Institutions	Number of Power Facilities
2010	48	3	1	3
2011	350	15	7	12
2012	745	46	31	41
2013	1,352	63	38	50
2014	1,560	101	76	83

## Youth Policy

Heightened attention to the implementation of the uniform youth policy is because young people aged under 35 account for about a third of the Group's employees.

The youth policy is aimed at involving young employees in SDCs' social activities, encouraging their professional and creative activity, and helping them realize their scientific potential.

It is important to note that the ROSSETI Group's youth policy is shaped by young professionals themselves: in order to systematize the work with youth and formulate the basic principles of the youth policy and the road map for its implementation, the Company held a strategic session in November 2014 with the participation of young employees of ROSSETI and its subsidiaries. The queries put by participants to the Company's management, along with expectations relating to professional, career development and social support for young employees, provided the basis for the document defining the principles of the uniform youth policy of ROSSETI.

The establishment and management of the youth personnel reserve is one of the youth policy's components. Providing support for young employees' creative and scientific initiatives and assuring them of a stable demand for their qualifications are aimed not only at retaining and developing the Company's youth reserve members, but also makes it possible to involve potential employees, namely students who may soon become a part of the ROSSETI Group's staff. ROSSETI's systematic, multidisciplinary projects addressed to young audiences include as follows:

- for the first time, the year 2014 witnessed the international format of the Youth Forum as part of the St. Petersburg International Economic Forum: along with companies representing the Russian electric grid sector, the event was attended by teams of electric utilities from Germany, France, Italy, Moldova, Kazakhstan; the goal of the project is to create an international communication platform facilitating the expansion of ideas of electric grid companies' young professionals about current development trends in the energy sector in Russia and in the world;
- projects were implemented to identify the scientific and innovative potential of employees: the ROSSETI team of employees and experts took part in the International Forum of Young Power Engineers and Industrialists (Forsage 2014); the International Energy Efficiency and Energy Saving Forum (ENES 2014) held the contest "From Idea to Introduction" among young professionals' projects.

For a noticeable contribution to implementing the government's youth policy and developing the movement of student labor brigades in Russia, the Company received a letter of gratitude from the Ministry of Education and Science of the Russian Federation.

ROSSETI's activities in human resource development received the award of 1st All-Russian Contest Among Employers' Best Practices "Creating the Future" for dealing with children, youth, and personnel reserves.