



Dear Colleagues and Friends:

I would like to present to you the 2014 ROSSETI Corporate Social Responsibility and Sustainability Report.

As one of the most important infrastructure companies in the Russian Federation, ROSSETI is responsible for a reliable and uninterrupted electricity supply.

The Company's core activities have a direct impact on the country's business climate, its economic development, and its attraction among investors.

The publication of the next Report confirms that the Company is committed to sustainable development and strives to conform to high corporate governance standards.

ROSSETI pays considerable attention to increasing the efficiency of its subsidiaries and dependent companies and improving their financial and economic indicators, which leads to an increase in tax payments to budgets of different levels.

To create the optimal conditions for the development and conduct of business in Russia, the Company has adopted a policy to increase the affordability of electricity connections and simplify and cheapen network connection procedures. The Company systematically interacts with regional governments to coordinate grid infrastructure development plans with territorial development programs of the regions. This makes it possible to reduce construction and operation costs of power facilities and optimally site them where they are necessary for electricity consumers.

Much attention in 2014 was traditionally paid to procurement management. As a result of daily work on optimizing and increasing the transparency of procurement at ROSSETI and its subsidiaries, the consolidated economic effect in the reporting year reached 30.6 billion rubles, or 8.8% of total purchases. This work was highly appreciated in the relevant national rankings.

The ROSSETI Group's activities do not involve substantial environmental damage. However, the development of green energy is one of the absolute priorities of production. For example, the rehabilitation and construction of power facilities use modern equipment that have a minimal environmental impact due to advanced technical specifications and smaller sizes compared with similar equipment of previous generations. We install oil receivers to protect soils, use bird protection equipment when constructing overhead lines, plant trees everywhere to compensate for the loss of trees resulting from building clearings for power lines.

To improve the environmental situation in major cities, ROSSETI has assumed responsibility for the implementation of the All-Russia Development Program for the Electric Vehicle Charging Station Infrastructure. For instance, by agreement with the Yaroslavl administration, the Company installed charging stations for electrobuses in 2014, which are currently already in wide use in the city center, installed the first EV charging stations in Saint Petersburg, and continued the operation of charging stations in Moscow.

One of the key resources and the most important areas of the Company's investments is undoubtedly its staff. In 2014, ROSSETI developed and approved the Personnel and Social Policy intended to address the electric grid sector's current and future challenges in human resource development. ROSSETI's social protection and corporate support provide employees with credible assurance and confidence in the future.

Preventing electrical injuries, primarily among children, is another priority for the Company's social policy. In the reporting year, ROSSETI was awarded by the Russian Ministry of Energy a diploma for high social significance and effective prevention of children's electrical injuries.

Substantial assistance in implementing the corporate social responsibility and sustainability policy comes from constructive dialog with stakeholders. Communicating their interests and wishes, stakeholders help the Company identify the areas that require special attention.

For its part, the company follows the principles of transparency, providing complete information about its activities and a variety of options for communication. ROSSETI's strategic planning and day-to-day operations obligatorily take into account the interests of stakeholders, which minimizes non-financial risks. For example, you can find a feedback form at the end of this Report.

In the coming years, ROSSETI is facing a whole range of challenges strategically important for the sustained development of this country. We can meet these challenges only by implementing international best practices in corporate social responsibility, listening carefully to public opinion, and assessing the impact of our activities on the environment. The ROSSETI Group is always ready for dialog with customers, employees, partners, and all those who care about the future of the Russian electric grid sector.

Sincerely,
Director General Oleg Budargin