

RELATIONS WITH LABOR UNIONS

In the regulation of labor relations, ROSSETI cooperates with the All-Russian Electrounion (AREU) and primary labor union organizations of SDCs.

In relations with labor unions, the electricity industry's employers are represented by the All-Russia Trade Association of Employers in the Power Industry (RaEl Association), whose members include all of the Company's SDCs.

The Commission on the Regulation of Social and Labor Relations in the Electric Power Industry, which includes RaEl and AREU representatives, settles labor disputes, resolves disagreements, and implements joint measures in the sector.

In 2014, the Commission addressed a number of issues related to the fulfillment of the Sectoral Wage Rate Agreement in the Electric Power Industry of the Russian Federation for 2013–2015 (SWRA). An agreement was signed to amend and supplement the SWRA. The agreement provides for bringing the provisions of the SWRA into line with changes in the federal laws regarding the special assessment of working conditions.

Every year, the Commission approves the report on the coordinated policy pursued by representatives of employers and employees under the SWRA. The document is intended to provide information for a wide range of stakeholders: employers, employees, and governmental authorities.

At the local level of social partnership, the collective bargaining agreements of ROSSETI subsidiaries specify the positions agreed upon by employers and employees' authorized representatives with respect to remuneration, working hours, recreation, additional benefits, guarantees, and compensation.

The most topical issue in collective bargaining during 2014 continued to be the performance of employers' obligations with respect to remuneration amid restrictions on tariff growth rates for electricity distribution. A constructive social dialog resulted in mutually beneficial decisions aimed at curbing the growth of personnel costs in the conditions of frozen tariffs and, at the same time, at ensuring higher wages.

In 2014, ROSSETI subsidiaries' management jointly with labor unions traditionally organized sports and cultural events, provided recreation and treatment for employees and their family members. On a regular basis, the Company cooperated with veterans' associations.

CHARITY AND SPONSORSHIP

ROSSETI gives much attention to charity and sponsorship activities. The Company supports the initiatives of charitable foundations and nonprofit organizations in the following areas:

- promoting Russia's cultural and spiritual heritage: projects in culture and the arts; programs to create, protect, and restore historic and architectural monuments;
- shaping a favorable social environment and settle pressing social issues;
- providing support for sports and a healthy lifestyle;
- preserving and increasing the intellectual potential and providing support for initiatives in science, education, and instruction;
- providing target-oriented social support for people in difficult situations, including veterans.

The Company gives preference to the projects with clearly defined objectives and measurable results.

PROTECTING PEOPLE FROM ELECTRICAL INJURIES

ROSSETI carries out a package of measures to inform the public about the danger of electric currents and about the rules that should be obeyed by outsiders while they are close to electrical installations. The Company works in close cooperation with the media in this area.

In cooperation with law enforcement agencies, the Company protects power facilities from equipment theft and prevents unauthorized network connections—these offenses are a frequent cause of injury and death in outsiders. Preventive measures are also taken to reduce the risk of electrical injuries that may affect anglers.

A special risk group is children and teenagers, who can, out of ignorance or curiosity, violate safety requirements and come inadmissibly close to hazardous power facilities. Preventive measures to protect children from electrical injuries include technical and outreach programs. In 2014 alone, the Company's employees gave about 7,000 lessons across the country.

For example, the Company conducted a summer campaign "Safe Energy – a Happy Summer" in the Sochi area in 2014. The Sochi branch of Kubanenergo, together with the Department of Education and Science of the Sochi Administration, conducted more than 60 lessons on this subject at summer camps. These sessions were attended by about 5,000 children.

The "Kind Electricity to Children" campaign has been carried on in Moscow since 2009. In 2014, electrical safety rules were visualized by characters of Fixiki, a popular animated sitcom. The popular characters appeared in all visual materials distributed at educational institutions in Moscow and the Moscow Region. In addition, the Company gives a teacher or kindergartner a DVD with cartoons on this subject. The DVD also contains methods for teaching lessons and samples of printed products for use at lessons. Teachers will also be provided with a set of posters showing electrical safety rules, and images of prohibiting signs placed at power facilities.

In 2014, athlete and State Duma Deputy Nikolai Valuev took part in preventive campaigns. A short features him warning children against incautious acts and reminding adults about their ability to prevent the tragedy.

Currently, work is underway on a series of short videos in which the stars of Russian football will remind that it is dangerous for children to play with electricity.

The Ministry of Energy of the Russian Federation awarded ROSSETI a diploma for high social significance and effective prevention of children's electrical injuries in the category "For the successful implementation of social policy in the fuel and energy sector." The awarding ceremony took place during the 5th All-Russian conference on the fuel and energy sector's human resources "Role of Human Capital and Social Policy in Russia's Energy Strategy."