

SUSTAINABLE DEVELOPMENT

The company is aware of its economic, social and environmental responsibility as a producer of electricity necessary for the society. The sustainable development of a business is an important asset and is reflected in the mission and strategic objectives of RusHydro Group.

Ensuring reliable and safe functioning of the facilities for the society and the environment, taking into account the economic feasibility of the funds directed at minimising risks and reducing possible damages, is one of the strategic objectives of RusHydro Group.

The Company makes every effort to increase the share of renewable energy sources in the country's energy balance. The Group achieves this goal by introducing new generating capacities as well as increasing the generation of clean energy produced at the existing facilities of the Company while increasing energy efficiency.

A significant part of RusHydro Group's activities is contribution to the development of the regions of its presence. RusHydro Group contributes to the growth of well-being

not only by creating jobs at its enterprises, but also by a number of positive indirect effects from the energy infrastructure (the connection of new consumers to networks, domestic and drinking water supply, etc.). Cities of the Group's presence witness the Company's support in areas such as the development of education, protection of the environment, and assistance to socially unprotected categories of the population.

A comprehensive approach to overcoming the challenges facing RusHydro in the field of sustainable development (further - SD) ensures the most effective transition to low-carbon development with minimal damage to the environment, as well as compliance with all health and safety standards of workers and the public.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Key issues of sustainable development are considered at meetings of the Board of Directors and the Management Board of the Company.

An important role in the management of sustainable development issues of RusHydro Group is played by the Committee on Reliability, Energy Efficiency and Innovation under the Board of Directors PJSC RusHydro, which considers issues of long-term planning of hydropower and energy development based on other

renewable energy sources (hereinafter referred to as RES), the development of functional policies, (technical, environmental, and energy efficiency) and corporate standards in the field of technical regulation, etc.

The Company adopted a number of corporate documents that fix the approach and regulate activities in the field of Sustainable development and corporate social responsibility (hereinafter - CSR).

Corporate documents

CSR Aspect	Regulatory documents
Sustainable production	<ul style="list-style-type: none"> ■ The development strategy of RusHydro Group for the period up to 2020 with a prospect up to 2025 ■ LDP RusHydro for the period of 2016-2020 ■ Technical policy of RusHydro Group ■ Regulations on the Working Group on Technical Regulations of PJSC RusHydro ■ Regulations on the process of investment management in the form of capital investments ■ Regulations on the standardisation system of PJSC RusHydro ■ Regulations on the management of the internal control system of PJSC RusHydro
Procurement activities	<ul style="list-style-type: none"> ■ Regulations on the procurement of products for the needs of PJSC RusHydro and other local regulations of PJSC RusHydro, designed to specify the provisions of this document, including the Methods for testing reliability (business reputation) and financial status of participants in procurement procedures
Ethics of business and counteraction to corruption	<ul style="list-style-type: none"> ■ Code of Corporate Ethics of PJSC RusHydro ■ Anticorruption policy of PJSC RusHydro ■ Regulations on the procedure for preventing and resolving a conflict of interests in PJSC RusHydro ■ Regulations on the procedure for notification of gifts received by employees of PJSC RusHydro in connection with protocol events, official business trips and other official events ■ Regulations on commissions on compliance with the norms of corporate ethics and conflict of interest regulation of PJSC RusHydro ■ Rules of work for the Trust Line of RusHydro Group ■ Comprehensive anti-corruption programme of PJSC RusHydro for 2016-2019
Impact on the environment	<ul style="list-style-type: none"> ■ Environmental policy of PJSC RusHydro ■ Environmental policy of JSC RAO ES East ■ Energy saving and energy efficiency improvement programme of PJSC RusHydro for the period until 2020 ■ Energy saving and energy efficiency policy of the RAO ES East Subgroup
Occupational Safety and Health	<ul style="list-style-type: none"> ■ Labour protection policy of PJSC RusHydro ■ Occupational Health and Safety Policy of PJSC RusHydro controlled companies
Charity	<ul style="list-style-type: none"> ■ The policy of charity and sponsorship of PJSC RusHydro ■ Regulations on Charitable and Sponsorship Activities of PJSC RusHydro controlled companies
Innovative development	<ul style="list-style-type: none"> ■ The programme of innovative development of RusHydro Group for 2016-2020, with a prospect up to 2025 ■ The programme of innovative development of the of JSC RAO ES East Holding for 2016-2020 with a prospect up to 2025 ■ Regulations on the decree of development and implementation of the innovative development programme of PJSC RusHydro ■ Regulations on the process of R & D management in the production activities of PJSC RusHydro ■ Regulations for the preparation, adjustment and monitoring of the implementation of plans for the procurement of innovative and (or) high-tech products ■ Methodology for assessing the technical and economic efficiency of innovation projects and the Temporary procedure for assessing the technical and economic efficiency of innovative projects implemented in the form of research and development
Personnel Management	<ul style="list-style-type: none"> ■ Social policy of PJSC RusHydro ■ Regulations on the organisation of trainings for employees of PJSC RusHydro ■ Regulations on performance appraisal of the personnel of the branches of PJSC RusHydro ■ Regulations on the creation of a database of candidates for posts in branches of PJSC RusHydro ■ Regulations on the work with the back-up staff of PJSC RusHydro ■ The concept of advanced human resource development From the new school to the workplace



THE RELEVANCE OF THE GROUP'S ACTIVITIES TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS

In 2017, PJSC RusHydro joined the UN Global Compact as the largest business initiative in the field of sustainable development. The company shares ten principles in the field of human rights, labour relations, anti-corruption and environmental protection, and seeks to ensure development that meets the needs of present generations without compromising the ability of future generations to meet their own needs.

The company adheres to the corporate social responsibility outlined in the ISO 26000 standard. According to it, social responsibility is the responsibility of the organisation for the impact of its decisions and activities on society and the environment, transparent, and ethical behaviour that:

- promotes sustainable development, including public health and well-being;
- takes into account the expectations of stakeholders;
- complies with the applicable legislation and is consistent with international standards of conduct;
- is integrated into the activities of the whole organisation and applied in its relations.

The activities of RusHydro Group in the field of SD are aimed at achieving a number of sustainable development goals adopted by the UN in September 2015. The Company allocated 13 sustainable development goals, especially significant for its activities. RusHydro Group also concurs with other goals and contributes to its achievement.

Implementation of activity in the field of sustainable development is carried out by profile blocks in the zone of their functional responsibility:

- social responsibility - Personnel management block, Corporate Communications Department;
- interaction with authorities in the regions of presence and creation of a favorable social climate for effective development of the Company - Corporate Communications Department;
- economic responsibility - Block of economic planning and investments, Block of production activity, Block of capital construction, Block of financial and corporate law management;
- electricity generation, energy efficiency and environmental responsibility - a Block of production activities.

The main goals, objectives and corporate programmes of the RusHydro Group to achieve sustainable development goals

Goals, objectives of sustainable development

Programmes, projects, measurers

ECONOMIC GOALS



Water regimes regulation system and protection of territories and population from floods.

Affordable energy. Increase in the share of renewable energy sources in the energy balance.

Maximising value / value for the state, shareholders, society and employees.

Innovative development.

Energy saving and energy efficiency.

- Programme for effective cooperation with the System Operator and Russian water resources in the planning and management of the hydroelectric power system of the HPPs
- Ensuring the functioning of the tariff equalization mechanism in five of the nine regions of the Far Eastern Federal District, where the average tariff for electricity for the consumer was above 4 RUB / kWh. RusHydro acts as the recipient of the premium on the price for capacity (CCA price) and transfers these funds in full to the regions of the Far Eastern Federal District in order to compensate for losses incurred as a result of the sale of electricity at subsidized tariffs
- The investment programme providing for 875 MW of non-carbon capacity commissioning (HPP and RES)
- The plan to increase RusHydro Group's value until 2021, aimed at increasing the company's fundamental and market value and preparing measures to introduce long-term tariff regulation in the Far Eastern Federal District
- Implementation of the Innovative Development Programme of RusHydro Group for 2016-2020 with a prospect up to 2025 and the programme of innovative development of the RAO ES East Subgroup for 2016-2020 with a prospect up to 2025
- Implementation of the Concept for Reforming the Scientific and Project Complex of PJSC RusHydro
- Implementation of the energy saving and energy efficiency improvement programme of PJSC RusHydro for the period up to 2020 and RAO ES East Subgroup

SOCIAL GOALS



Reducing the risks of injuries and occupational diseases.

Ensure the qualified personnel availability.

Fight against corruption and effective procurement activities.

Joining international initiatives and non-financial reporting disclosure.

- The policy in the field of occupational health and safety of JSC RAO ES East
- Programme of measures to improve industrial safety and reduce injuries of employees of the RusHydro Group, contractors and third parties
- Insurance of workers against accidents at work and occupational diseases
- Programmes of advanced development of personnel potential (the system of "Corporate elevators": escorting future specialists from school to joining RusHydro's enterprises)
- Agreements on partnership and cooperation with specialized universities
- Implementation of Anti-Corruption Policy and Conflict of Interest Management Policy
- Measures to comply with the Code of Corporate Ethics
- Observance and improvement of procurement provisions for the needs of PJSC RusHydro and JSC RAO ES East
- Joining the UN Global Compact
- Annual disclosure of information on sustainable development and corporate social responsibility according to GRI standards (since 2018 as part of integrated report)
- Obtaining and improving ratings from leading rating agencies in the field of socially responsible investment

ENVIRONMENTAL GOALS



Low-carbon development.

Biodiversity conservation.

Preservation and restoration of fish resources of water bodies.

Effective water use.

- Implementation of the Environmental Policy in terms of ensuring low-carbon development
- Development of targets for reducing greenhouse gas emissions and mechanisms for its achievement
- Development and implementation of a biodiversity conservation programme
- Activities to restore fish resources. Installation of fish protective devices. The project "Bureysky Compromise"
- Programmes of the RusHydro Group in terms of rational use of water resources
- Annual actions "oBEREGA!" for cleaning of rivers and reservoirs from garbage