

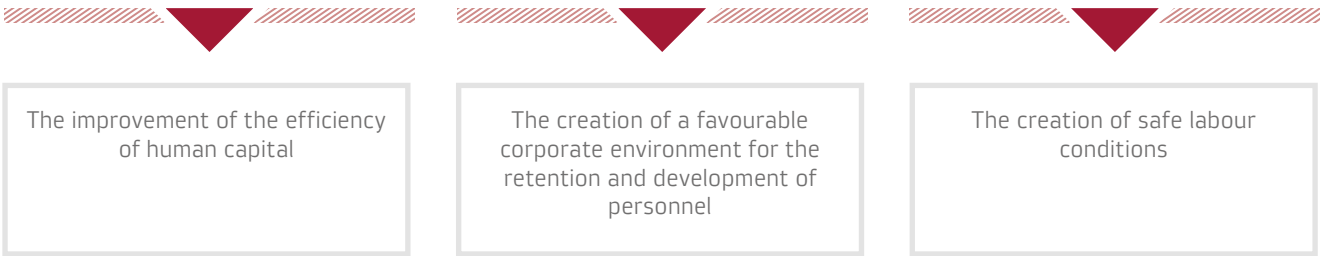
# SOCIAL RESPONSIBILITY



The current version of the Staffing and Social Policy was approved by the Board of Directors in 2014.

The main task of personnel management is the development of a highly skilled professional team that ensures the delivery of strategic goals.

**IDGC OF CENTRE'S STAFFING POLICY\* ADDRESSES THREE PRIORITY TASKS:**

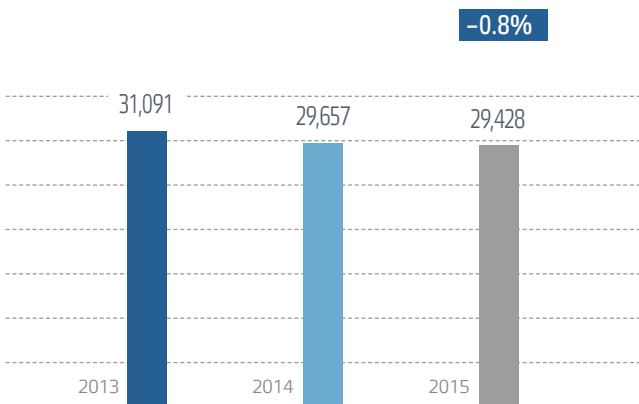


## GENERAL CHARACTERISTICS OF THE COMPANY'S PERSONNEL

Due to the optimisation of the personnel headcount in the administration and management and the transfer of the function of guaranteeing a supplier to energy sales companies, the average headcount of personnel in 2015 decreased to 29,428 persons. The availability of personnel did not change in comparison with previous reporting period: at the end of 2015, it amounted to 95%. The total number of newly hired employees in 2015 amounted to 2,741 persons, and 692 persons were dismissed.

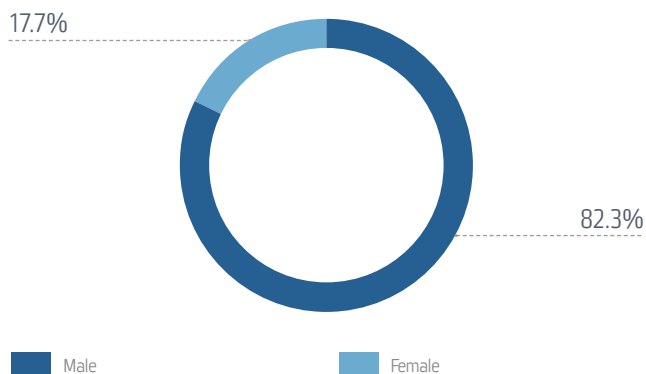
Distribution of personnel in branches,%

Average personnel headcount, in persons

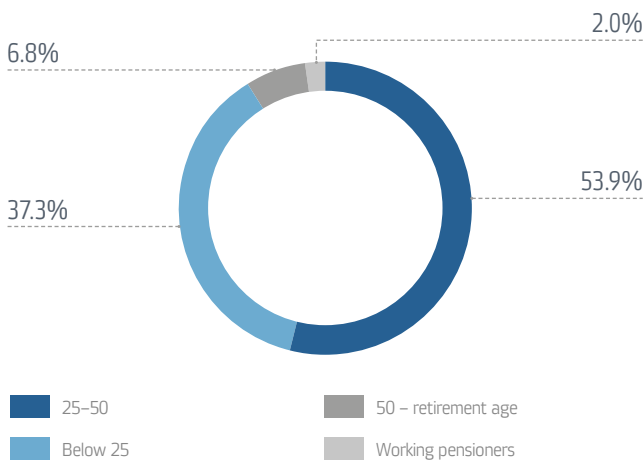


Branch	2013	2014	2015
Executive office (Moscow)	3	3	2
Belgorodenergo	13	13	13
Bryanskenergo	7	7	6
Voronezhenergo	10	11	11
Kostromaenergo	6	6	7
Kurskenergo	10	9	9
Lipetskenergo	7	8	8
Orelenergo	7	6	6
Smolenskenergo	12	12	11
Tambovenergo	6	7	7
Tverenergo	12	11	11
Yarenergo	7	7	9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Gender distribution of newly hired employees in 2015



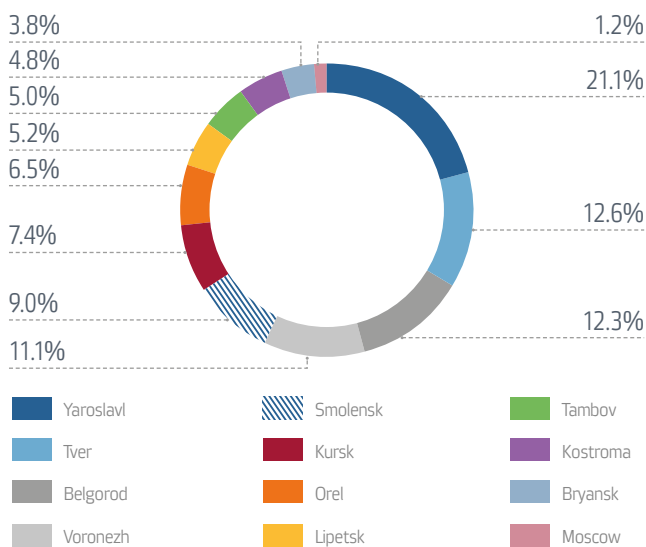
Age distribution of newly hired employees in 2015



**95 %**  
staffing level in 2015

**1,021** employees  
took leave to care for a child under 3 years old in 2015, among them: 96.4% – women and 3.6% – men

Distribution of newly hired employees in 2015 by region



It is important for the Company that employees who take leave in order to bring up small children return to their jobs. In 2015, 78% of employees (of ones who were supposed to return) returned to their jobs.

Over the last year, the category structure of employees has remained stable. Blue-collar staff accounts for the majority of employees (52%). An insignificant increase in the number of employees in 2015 (by 1%) is attributable to the filling of vacancies in the Distribution Zone and to the creation of the Distribution Zone Yargorelectroset at the Yarenergo branch. The reduction of the share of white-collar staff in 2015 is attributable to a limitation in the increase of administrative and management personnel by the optimisation of Company OPEX.

In 2013–2015, the age distribution of personnel almost did not change. The core of the Company's staff consists of employees aged 25-50 (66%). The average age of employees, 41, also did not change in 2015.

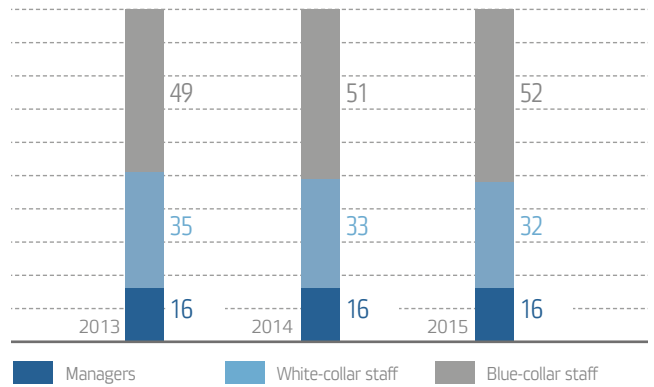
**41**  
average age  
of employees in 2015

**86%**  
employees have  
professional  
education

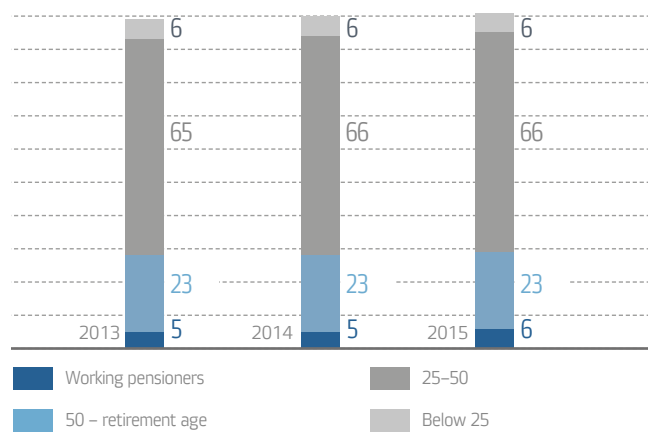
The Company saw an increase in the level of education of its personnel. In 2015, circa 86% of employees had professional education.

The high level of modern technology in the electricity sector requires strengthening and development of the Company's staff. An analysis of the changes in the educational level of the personnel shows an annual increase in the share of workers with vocational education.

Personnel structure by category,%



Age structure of personnel,%



Structure of personnel based on education level,%

Categories	2013	2014	2015
Basic/secondary education	15	13	14
Primary vocational education	17	17	18
Secondary vocational education	27	29	27
Incomplete higher education	0	0	0.03
Higher vocational education	38	37	38
Higher education in 2 and more specialisations	3	3	3
Doctor of Science	0.17	0.17	0.14
Candidate of Science (PhD)	0.01	0.01	0.01

Due to the Company's efforts as part of the Staffing and Social Policy, the active turnover (caused by dissatisfaction with the workplace) is rather low; in 2015 it amounted to 2.35%. Additionally, the overall turnover of staff decreased due to organisational and structural changes in the Company.

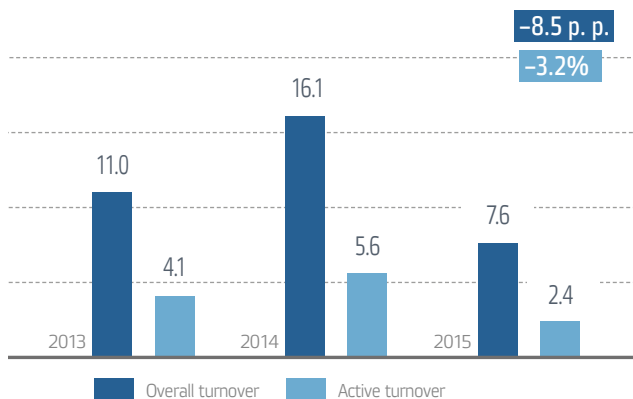
## 2.4%

staff turnover in 2015

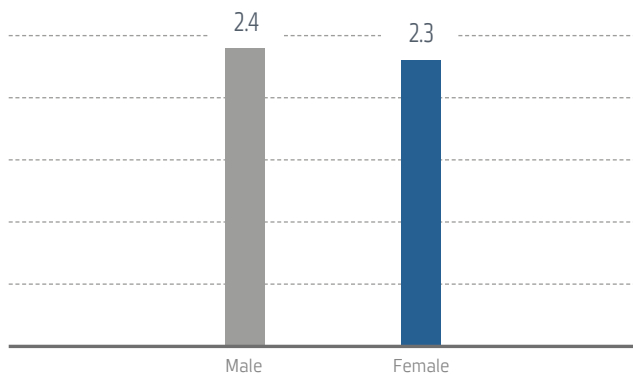
### Regional distribution of staff turnover in 2015,%

Region	2015
Moscow	5.3
Belgorod	2.6
Bryansk	3.2
Voronezh	1.5
Kostroma	0.9
Kursk	1.5
Lipetsk	2.2
Orel	1.7
Smolensk	0.5
Tambov	2.4
Tver	5.2
Yaroslavl	3.3

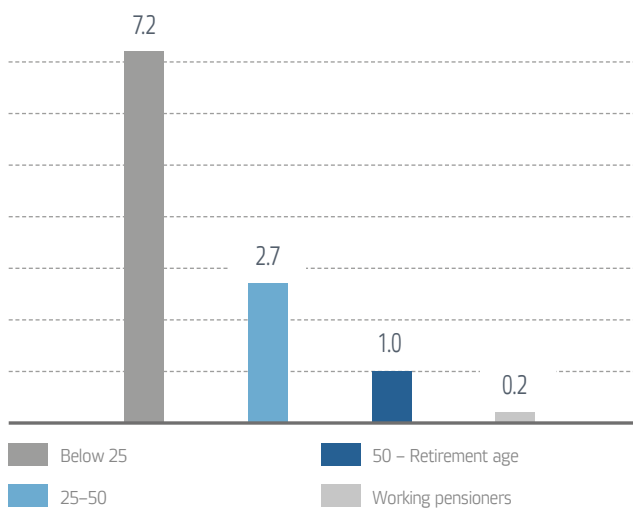
### Turnover,%



### Gender distribution of staff turnover in 2015,%



### Age distribution of staff turnover in 2015,%





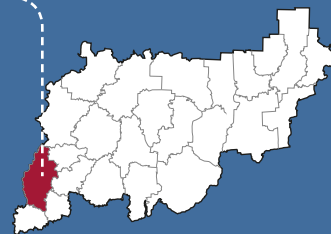
## RENOVATION OF IMPORTANT ENERGY FACILITIES IN THE REGION

Kostroma branch specialists have performed renovation of the substation Kostroma-1. The substation provides electric connection between the substations Motordetal and Kostroma-2 included in the national electric grid, and supplies electricity to the Zavolzhsky District of the Kostroma Region with a population of more than 22 thou. people.

The substation was renovated to cover the capacity shortage in the area and to create opportunities for grid connection of new consumers. Two new 110 kV power transformers of 16 MVA each were installed at the substation during the renovation. Also, new microprocessor protection were put into operation, up-to-date telecontrol system was installed, and high-speed communication channels with fiber-optic lines were commissioned. The state-of-the-art equipment meets modern requirements and allows for the possibility to control the power facility remotely from the Grid Control Centre of Kostromaenergo. The renovation operations were performed without disconnecting consumers, but with a phased decommissioning of the equipment.

The Kostromaenergo branch completed grid connection of two transformer substations to supply power to the plant of American company National Oilwell Varco producing drilling rigs (NOV Kostroma LLC). The

KOSTROMA REGION



committed maximum capacity of the new facility is 5,381 kW; to achieve it, the Company upgraded the substation KPD, built a 10 kV distribution station and two 10 kV cable lines with a length of 4.6 km each.



Involvement of one of the world's leading manufacturers of oil and gas equipment is meaningful not only for the Kostromaenergo branch, but also for the Kostroma Region as a whole. The project plays an important social and economic role associated with an increase in the standard of living and improvement of well-being in the region. The total investment in the facility was more than RUB 4.2 billion. In addition, it is expected to create more than 300 jobs for the local community. The project has been included in the regional Register of Investment Projects with MFN treatment.



## BUILDING "SMART GRIDS"

The Yarenergo branch launched a project of electricity metering system with remote data collection by installing "smart" meters on the consumers' sites. This project is implemented pursuant to the agreement signed between PJSC Rosseti and the Russian Direct Investment Fund (RDIF) at the St. Petersburg International Economic Forum in 2014.



Creating this system is aimed at improving the efficiency of electricity transmission, reducing the cost of purchasing losses, organising effective control over the electricity consumption, and decreasing the cost of meter

YAROSLAVL REGION



reading. The project will rein in the growth of tariffs, while consumers will be able to plan and control power consumption remotely.

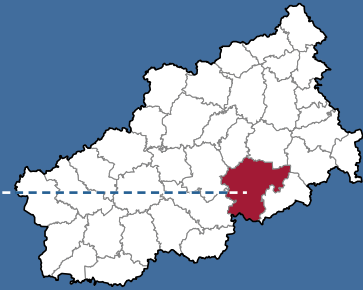


## INFRASTRUCTURE DEVELOPMENT IN THE CITY OF TVER

Tverenergo continues connecting new social facilities, and providing them with a reliable power supply. In 2015, connection of RIO Mall to the Tverenergo grids was completed in Tver. To ensure power supply of the new property, Tverenergo experts completed the renovation of the 110 kV substation Excavator Plant. The connected capacity is 3,000 kW.

The Mall is situated in one of the most densely populated areas of the city — the Moskovsky District with about 120 thou. inhabitants, officially. This kind of

TVER  
REGION



public amenity opened in the city will not only contribute to the development of infrastructure, but also provides a basis for further evolvement of trade and related businesses.



## ENERGY SAVING EQUIPMENT IN THE STREETS

Smolenskenergo installed and renovated street lighting in the urban localities of the Smolensk Region. LED luminaires were installed during the upgrade of exterior lighting. In 2015, more than 1400 such LED lights were installed.

Street and highway lighting systems are heavy loaded, so daily operation of the systems is costly. In comparison with traditional light sources, LED luminaires have low energy consumption. Moreover, they are more durable, resistant to low temperatures,

SMOLENSK  
REGION



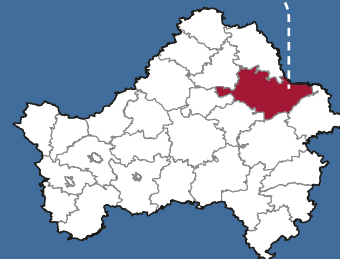
and cannot be overheated; they provide uniform illumination of the roadway and their disposal costs are rather low.



## ENERGY SAVING AND ELECTRIC SAFETY FOR KIDS

At the initiative of Bryanskenergo, the websites of Bryansk Region schools will have now electric safety and energy-saving lifestyle sections. As part of the cooperation agreement signed between Bryanskenergo and the Bryansk Region Education Office, energy industry professionals provided the Office with themed posters, cartoons and video clips to be the basis of the new section on the school-related web resources — Electric Safety and Energy Efficiency. In addition, the

BRYANSK  
REGION



websites of Bryansk Region schools contain links to materials on electrical safety posted on the website of IDGC of Centre. Teachers use this information during the electric safety and energy efficiency classes.



## DEVELOPMENT OF VILLAGE

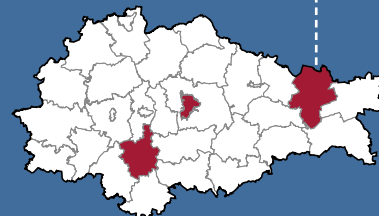
During the implementation of the regional residential construction programme, Kurskenergo supplied electricity to the first phase of a new microdistrict being built in the village of Bolshoye Soldatskoye. The project provides for construction of 40 residential buildings with a total living area of 5,200 m<sup>2</sup>. 20 houses were built during the first phase; their grid connection was provided by workers of the Kursk branch.

Electricity for the new buildings is supplied from the transformer substation 204 with capacity of 160 kVA. Our energy workers performed installation of the overhead line 0.4 kV in the shortest time; this allowed providing the developer with the required capacity of 120 kW. During the installation operations, modern and safe self-supporting insulated wires were used with a high level of reliability and long service life.

## DEVELOPMENT OF SPORTS INFRASTRUCTURE

Kurskenergo completed grid connection of the sports and recreation centre (SRC) in the Kshensky settlement of the Sovetsky District, the Kursk Region. The SRC with a total floor area of 6,000 m<sup>2</sup> includes an all-purpose game room, a gym, fitness and yoga rooms, and a swimming pool. Maximum capacity of the SRC is 500 people.

KURSK REGION



To provide grid connection, the Kurskenergo built a modern packaged transformer substation with a voltage class of 10/0.4 kV and capacity of 2x250 kVA, two 10 kV overhead power lines, two cable lines with a voltage of 0.4 kV, and an electrical network for sewage pumping station.

## WORK WITH THE YOUNGER GENERATION

Kurskenergo, together with the Kursk Electromechanical Technical College and the Kursk Railway Transport Technical College, has organised Academic Olympics on electrical engineering disciplines for students of specialised educational institutions.



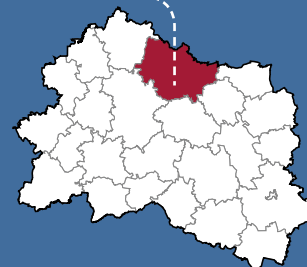
The purpose of the Olympics was to assess the quality and degree of training of the future energy workers and potential employees of Kurskenergo, and to encourage learning and creative efforts of the young people. The Olympics were held in the training centre of Kurskenergo operating personnel. All the teams demonstrated good theoretical and practical grounding in the subject.



## GRID CONNECTION OF THE RESTORED HYDROELECTRIC POWER PLANT

The Orel branch provided grid connection of the restored Lykovskaya hydroelectric power plant in the village of Bolshoye Lykovo in the Mtsensky District. The HPP operation was resumed after more than 20 years of downtime.

OREL REGION



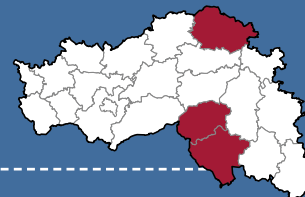
The unique character of this project is in environmental friendliness of the energy generation and recoverability of the energy sources. Its implementation will enable generation of electricity from renewable water resources of the river Zushi.



## POWER SUPPLY OF SOCIALLY SIGNIFICANT FACILITIES OF THE REGION

The Belgorod branch of IDGC of Centre has supplied electricity to the socially significant budgetary institutions of the Belgorod Region. By the start of the academic year, 27 kindergartens, 8 schools, 2 sports and recreation centres and 2 cultural establishments were provided with electricity. The priority projects included the Druzhba Ice Arena in the settlement of Rakitnoe, the Centre for Cultural Development in Shebekino, the Children's Regional Hospital in Belgorod, the Medical Centre Generation, and the boiler facility of the maternity department in Stary Oskol.

BELGOROD REGION



Power lines that were built 25-30 years ago get dismantled by energy workers of IDGC of Centre and then virtually rebuilt. At the same time, power supply schemes are revised, and all violations of the PTL exclusion zone boundaries are eliminated. Obsolete equipment that fails to handle the load is replaced with new equipment. To ensure uninterrupted supply of electricity to consumers distant from the main grid, pole-mounted transformer substations are used; these TS are the R&D product of IDGC of Centre that was patented and actively used in the branches during the renovation of 0.4-10 kV grids and connection of small farms and individuals with relatively small loads. For 5 years in Belgorod Region, about 2,000 km of grids were upgraded in 150 small hamlets and villages.

## DEVELOPMENT OF AGRO-INDUSTRIAL COMPLEX

In the Belgorod Region, the agro-industrial complex continues to evolve, and the key projects in the field of import substitution are implemented. In 2015, the Company's experts provided the requested capacity to the feedlots of JSC Prioskolye in the Volokonovsky and Valuisky Districts. JSC Prioskolye is a reliability category 1 consumer. The company is one of the largest producers of chilled and frozen meat in Russia. It consists of two feed factories, vegetable stores and granaries in the Ivnyansky, Veydelevsky and Gubkinsky Districts, the grain drying unit in Prokhorovka and about 14 dairy farms, dairy units and small peasant farm enterprises. This cooperation will contribute to increasing the volume of high-quality domestic agricultural products.

## DEVELOPMENT OF TRANSPORT INFRASTRUCTURE

Belgorodenergo participated in renovation of eight highways in the Belgorod Region. Our energy workers connected the exterior lighting along new roads to the central power supply; the total road length is 50.5 km. About a thousand of modern energy efficient luminaries were installed at the highways.



The work has been highly appreciated by the regional administration, and received an official message of thanks from Evgeny Savchenko, the Governor of the Belgorod Region.

## UPGRADING GRIDS IN URBAN LOCALITIES OF BELGOROD REGION

The Belgorod branch renovated grids located in 12 municipal districts of the Belgorod Region and under streets in two largest cities in the region — Belgorod and Stary Oskol.



First, grids feeding the socially significant facilities and critical infrastructure were reconstructed.

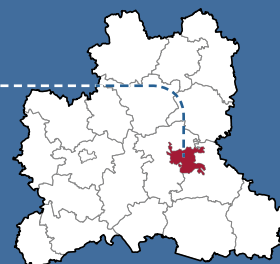




## RELIABILITY AND SAFETY OF ELECTRICITY SUPPLY

Lipetsk energy workers in IDGC of Centre started implementation of two innovative projects at the same time — one for construction of power lines with polymer insulators, and another one for installation of bird protective devices. The line with new polymer insulators will increase safety of energy supply, and in order to prevent birds being killed by electric shock, the energy workers will install modern bird protective

LIPETSK REGION



devices on each power line support. Polymer insulators differ from the glass and ceramic alternatives in higher insulating ability, mechanical strength, and chemical and thermal stability.

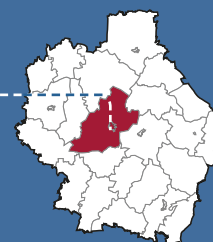


## DEVELOPMENT OF AGRO-INDUSTRIAL COMPLEX

Tambovergo experts have begun to implement the first public-private partnership project (the PPP Project) in the power grid complex. It is aimed at creating power grid infrastructure for companies engaged in poultry operations — Tambov Turkey, LLC and OJSC Tokarevskaya Poultry Plant. The companies under construction will be the major agro-industrial facilities in the Central Federal District. About 3 thou. new jobs will be provided in the region with the commissioning of the new facilities.

For implementation of the PPP Project in the Tambov Region, the Company was awarded the National Prize Rosinfra-2015 in nomination of 'The best PPP initiative in the energy sector'. Further, it is planned to share the experience obtained in the PPP sphere with other regions where the Company operates, which will enable increase in the availability of electricity and capacity to consumers and provide development and economic growth.

TAMBOV REGION



Tambovergo implemented renovation of a key element in the investment programme — 110/6 kV substation Tambovskaya 8. In the course of the project, capacity of the Tambov largest power supply centre was increased from 16 MVA to 40 MVA; the facility was fitted with modern equipment and the latest security and fire alarm systems. Now the substation meets the latest requirements in terms of reliability and quality of electricity supply to consumers.

## LOW-VALUE RESISTORS

The Tambov Region has been the first region where the Company started implementing a modern process design solution — low-value resistors. The Company began to apply these devices in the Tambov Region. These new resistors were installed at the 35/10 kV substation Ekaterininskaya.

Low-value resistors are applied for selective disconnection with ground fault. Their use allows excluding negative impact of the arc high frequency voltage swells on cable lines insulated with cross-linked polyethylene, which reduce service life of the lines. Also, they eliminate the risk of injury to people and animals in single-phase ground fault. In addition, low-value resistive neutral grounding is much more cost-efficient compared to neutral grounding with arc suppression coil.

## ASSISTANCE IN IMPLEMENTATION OF LARGE RESIDENTIAL PROJECTS

Specialists of the Tambov branch of the Company provided electricity to the rapidly growing northern area of the regional centre, where only in recent years, several large districts were built — Moskovsky, Raduzhny, Solnechny, Uyutny, with related social infrastructure (hospitals, schools, kindergartens).



## ASSISTANCE IN IMPLEMENTATION OF LARGE RESIDENTIAL PROJECTS

In the Voronezh Region, which is the third largest player in the Central Federal District for commissioning of newly constructed residential buildings, since the beginning of 2015, energy workers of the Company have connected to the grid 8 residential construction sites with a total connected capacity of over 25 MW. Two of them are sites chosen by regional authorities for implementation of the state programme Housing for Russian Family. Those are apartment buildings being erected in the suburbs of the regional centre — the settlement of Otradnoe in the Novousmanskyy District, and the first phase of the residential property Ozerki developed in the Levoberezhnyy District of Voronezh. Also, the residential properties connected to the Company grids in the regional centre include buildings on Perevertkina street (maximum connected capacity — 4.7 MW) and Kukolkina street (2.3 MW).

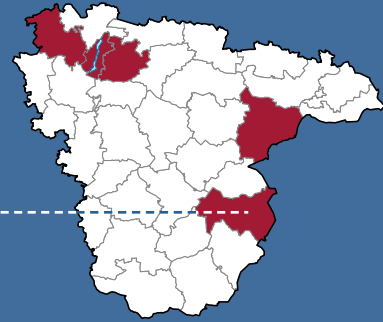
## CONTRIBUTION TO HEALTHCARE

Voronezhenergo has made a significant contribution to the implementation of regional health target programmes in Voronezh Region — 34 new primary health posts (PHP) and outpatient clinics located in rural areas were prepared for grid connection. The work is carried out under the regional target programme "Development of Health in Voronezh Region for 2011 - 2015". The existing 0.4 kV power line sections were renovated and new sections were built. The total connected capacity was more than 0.5 MW. As part of the support services for grid connection, Voronezhenergo employees performed work within the competence of the applicant: installed electricity meters, provided suspension works from the boundary of balance sheet attribution to the PHP buildings using self-supporting insulated wires.

## DEVELOPMENT OF THE MILLION-PLUS CITY VORONEZH

Voronezhenergo works on refurbishment of six main substations that supply electricity to the city: substations 13, 38, 42 (in Kominternovskyy District), 43, 44 (Levoberezhnyy District) and 28 (Sovetskyy District). The need for renovation resulted from rapid growth of energy consumption. It will significantly increase reliability of power supply for companies and the public in the regional centre, and will provide the possibility of grid connection of new consumers. Refurbishment of

VORONEZH  
REGION



substation 13 Studencheskaya enables the construction of large multi-storey buildings in the Kominternovskyy District where very active residential construction takes place. At the same time, upgrade of the 110 kV substation 43 will make it possible to develop the left-bank part of the city, including construction of multi-storey residential properties, industrial premises and grid connection of sewage treatment facilities with design capacity of 4 MVA for the 1st category of power supply.

## DEVELOPMENT OF AGRO-INDUSTRIAL COMPLEX

Voronezhenergo contributes to implementation of a number of important investment projects in the region's agro-industrial complex. In 2015, employees of the branch provided grid connection of several sites of one of the leaders in the domestic pig husbandry AGROECO Group in the Kalacheevskyy and Novokhopersky Districts of the Region. Work is underway to provide the Voronezhmyasoprom feed factory being built in the territory of Semilukskyy District area with power grid infrastructure. These projects have been given the status of Particularly Significant Projects; they are included in the Programme of Social and Economic Development of the Voronezh Region for 2012-2016.



Also, the Company energy professionals provide electrification of two complete cycle pig farms Trostyanskyy and Rastykaylovka that were recognised economically important for the Voronezh Region by the Ministry of Agriculture of the Russian Federation.

## PERSONNEL RECRUITMENT

One of the goals of the Company Staffing and Social Policy is to meet the Company's required demand for qualified personnel on a timely basis.

Personnel recruitment, rotation and development programmes were created for this purpose. Priority is given to operational employees (the aim is the replacement of at least 60% of management positions by internal candidates), and the hiring of young specialists with relevant professional education. Additionally the Company implements a federal and corporate personnel mobility programme aimed at ensuring the availability of skilled personnel in regions with a labour deficit.

For the recruitment of personnel, the Company cooperates with regional employment services, participates in the development of a uniform corporate bank of vacancies and resumes (for the power grid complex). Information about the Company's vacancies is published in these open sources.

Standardized qualification requirements corresponding to each job's duties are set for candidates. All candidates are provided with equal opportunities and no discrimination is allowed.

## LABOUR PAYMENT AND BONUS SYSTEM

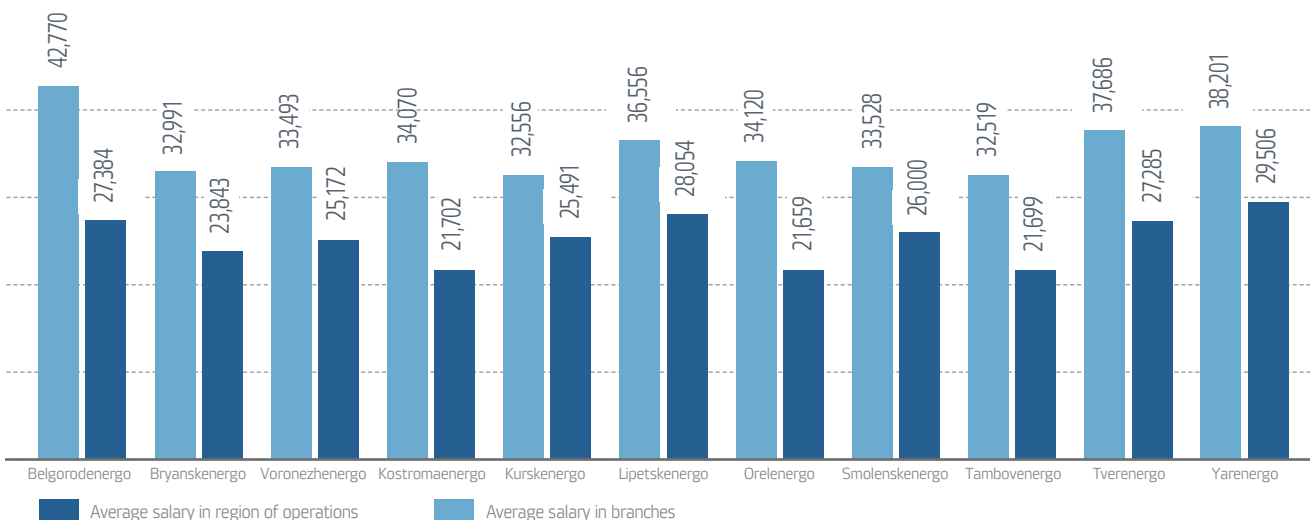
The Company implements a uniform labour and remuneration payment system, creating conditions that attract and retain skilled personnel. The current labour payment system sets position salaries and tariff rates, taking into account the employee's qualification, business skills and experience. It includes bonuses for performance results, allowances that depend on the scope of work and working conditions, and spot bonuses.

Data from Rosstat is used for the evaluation of the competitiveness of the salary, and the level of active personnel turnover is monitored. The completed analysis shows that the salary level of IDGC of Centre's employees is comparable with market conditions.

**7.4%** was the growth of average wages of employees in 2015, driven largely by quarterly indexation of the minimum monthly tariff rate

In 2015, the Company successfully implemented a number of personnel remuneration projects with the participation of the specialists from all functions and representatives of the trade union. These changes were made to implement the Programme for a gradual increase in the salary of entry level workers to MMTR level in the power generation industry, as determined by the Industry Tariff Agreement.

The average salary level of branch employees in 2015, RUB



Namely, a uniform Tariff Scale was developed for workers: a grade payment system was introduced for managers, and blue-collar staff; and the employee financial remuneration (bonus) system was revised. A system of key performance indicators (KPI) for each structural unit was developed for every branch. The number of KPIs for each unit does not exceed 4, which allows for the identification of top priorities from the unit's performance profile and to assess

the efficiency of their achievement. In addition to salary position, IDGC of Centre's Collective Agreement and the internal documents of the Company provide additional payments (a variable part of the salary). These payments include: bonuses for main performance indicators, payment related to the working regime and conditions, payment for main and additional vacations, payments for the length of service, and financial assistance for vacations.

## NON-FINANCIAL INCENTIVES

The Company has moral encouragement system for employees for the achievement of high operational results, the implementation of innovational projects and the length of proper service. In 2015, five of the Company's employees received Government awards from the Russian Federation; 212 of the Company's employees received departmental awards from the Russian Federation's Ministry of Energy;

204 employees received corporate awards from PJSC Rosseti; 78 employees were awarded by the All-Russian Industrial Association of Employers of the Power Generation Industry; and 594 employees were awarded by IDGC of Centre. Two employees were named on the Honors Board of the Power Grid Industry and 5 employees were listed in the Honors Book of the Power Grid Complex.

## TRAINING AND DEVELOPMENT OF PERSONNEL

Development of a plan for the training, re-training and qualification improvement of the Company's personnel and the implementation of its action items is carried out in accordance with the requirements of the Rules of Personnel Management in the Power Electric Organisations of the Russian Federation and the "Procedure of Personnel Management of IDGC of Centre, PJSC" Standard.

Employees are trained on the job, in specialized educational institutions and in personnel training centres (professional training, re-training, advanced training of personnel, relevant secondary and higher vocational education for personnel). In 2015, 9,700 persons were trained on the job, whereas 11 thou. employees were trained off the job.

Share of employees who participated in training activities and the level of training relative to the payroll budget in 2015,%

Branch	Share of trained employees,%	Training in company's training centres,%	Ratio of training costs to payroll budget
Belgorodenergo	17.6	0	0.33
Bryanskenergo	47.3	11.3	0.48
Voronezhenergo	34.9	21.0	0.71
Kostromaenergo	57.2	0	0.73
Kurskenergo	51.3	0	0.40
Lipetskenergo	37.3	0	0.49
Orelenergo	31.8	20.5	0.56
Smolenskenergo	30.0	1.4	0.55
Tambovenergo	19.8	8.1	0.46
Tverenergo	45.6	27.8	0.63
Yarenergo	50.2	2.7	1.04
Executive office	40.4	0	1.09
<b>Total across Company</b>	<b>37.4</b>	<b>8.4</b>	<b>0.62</b>

The Company is the founder of three training centres:

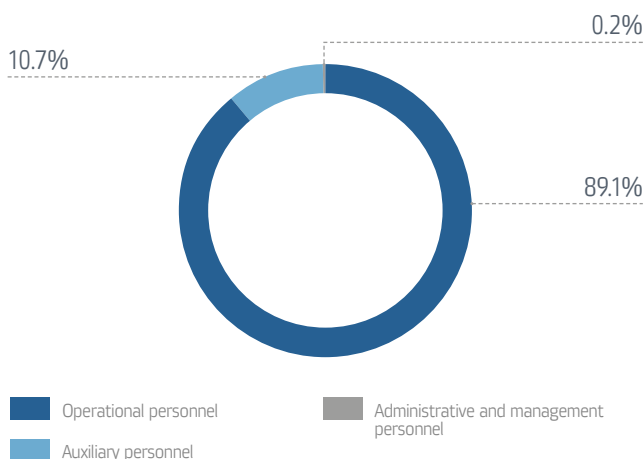
- The private institution, "Tver Production and Training Centre"
- The private Additional Vocational Education Institution, "Voronezh Training Centre Energetik".
- The private institution for additional vocational education, "Orel Training School").

These training centres have licences for educational activities, and classrooms equipped with modern teaching aids, simulators, computers, video and multimedia equipment. The training centres also include training facilities with power grid equipment for the development of practical skills. The training centres mainly train dispatchers, foremen, electricians, and wiremen.

2,462 of the Company's employees, or 22.4% of the total number of trained employees, were trained at the Company's training centres in 2015.

The Company also cooperates with a number of higher, secondary and additional vocational education institutions, including National Research University MPEI, the Saint-Petersburg Energy Institute of Advanced Training, Ivanovo State Energy University, the Academy of Standardisation, Metrology and Certification and others. The "Management and work with power generation, fuel and energy, industrial enterprises personnel" training course was organised for directors and chief engineers at Distribution Zones jointly with the Saint-Petersburg Energy Institute of Advanced Training. Heads of divisions and structural units participated in the "Successful Manager: Management Tools" training course.

Distribution of trained employees by category in 2015



**10,992** people had training with day release in 2015

**20,683** people had training in 2015

## CAREER DEVELOPMENT AND SUCCESSION POOL

On an annual basis, the Company develops a succession pool and a young specialist succession pool at the central office and at the branch level. In 2015, the management succession pool for all positions of deputy general director, branch director and their deputies was renewed.

**22.4 %**

of the trained staff had training at the Company's Training Centres

**1,072 employees**

are the youth personnel reserve

In 2001, the Company created the youth succession pool with main goals of: the engagement of young employees in finding resolutions to relevant problems of the power grid complex the improvement of their professional competence, the identification of high potential young specialists, and support for their career development. This succession pool is formed based on the competition among young specialists at the Company's executive office and its branches.

**3,040 employees**

are the management personnel reserve

### STRUCTURE OF THE SUCCESSION POOL

In 2015, 245 managers (37.4%) out of 655 management appointments at the Company's executive office were appointed from the management and youth succession pools.

### WORK WITH YOUNG SPECIALISTS

A Youth Council is created at each of IDGC of Centre's branches for efficient interaction with young employees. The Youth Forum is held on an annual basis for the development of employee's leadership skills and for the development of a non-standard, individual approach to implementation of ideas. In 2015, a forum was organised in the format of "School for Chief Engineers of the Distribution Zone". Young employees, among whom there were representatives from various specialties (i.e., heads of production; technical, operational and technology groups; masters of crews; managers; engineers; etc.) met the leadership of the company's technical unit and trade union leaders, participating in business trainings and a championship to solve practical problems in the electricity sector.

Furthermore, IDGC of Centre's branches annually organize a holiday for the initiation of young power engineers hired in the current year. This event includes: meetings with the managers of structural units, competitions of specialised knowledge, and trips to substations, grid control centres and regional museums of the power system.

### WORK WITH STUDENTS AND SCHOOLCHILDREN

In order to attract talented, professionally trained youth, IDGC of Centre has productively cooperated with leading universities and relevant secondary vocational education institutions over many years. In addition to this, the Company conducts profession guidance work with schools in all regions of its presence. The most capable pupils have the opportunity to study at educational institutions that the company signed agreements with. For students who complete production and pre-degree practice at the Company, IDGC of Centre provides them with a scholarship and allocates them after graduation. Furthermore, the Company's branches hold Door Open Days for students and schoolchildren on an annual basis. The most large-scale example of the Company's interaction with educational institutions in 2014–2015 was the project for equipping the training centre at Konakovo Energy College. The training centre is designed for practising: H&S knowledge, power grid electrical equipment maintenance, process monitoring and control and other disciplines. The second facility of the training centre – a training laboratory for substation and distribution grid equipment – was opened in 2015.

For the development of cooperation with leading technical universities, IDGC of Centre organises the work of students' construction crews. This project significantly increases the level of training for graduates of technical universities, helping them to acquire a better understanding of their future profession. 171 students worked in the summer of 2015 at different units of Distribution Zones of the Company's branches.

## CREATION OF THE PROPER LABOUR CONDITIONS

### SYSTEM OF BENEFITS AND INTERACTION WITH THE WORKFORCE

At the Company, the relationships between employees and employers are established on the basis of a social partnership. The interests of employees are represented by the primary trade union organisation, which incorporates 11 trade unions of Centre's branches. The trade union signs the Collective Agreement with the management of the Company of behalf of the employees. The Collective Agreement applies to all of IDGC of Centre's employees.

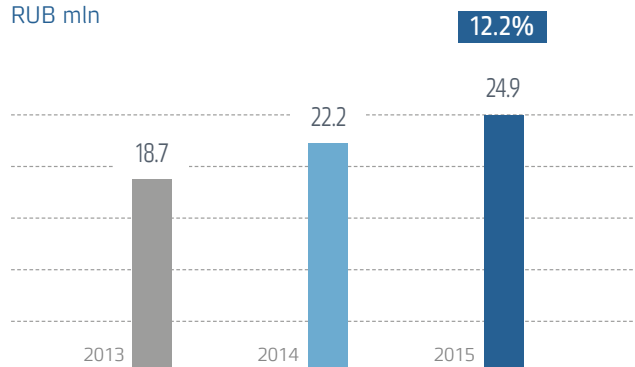
Under the Collective Agreement, the management of IDGC of Centre, jointly with the trade union, addresses the issues of: the improvement of labour efficiency and productivity, the improvement of the quality of work, compliance with labour and operational discipline, and H&S requirements. Additionally, employees are provided with social guarantees, benefits and compensations. Namely, payments are given out in case of the death of an employee at the work place, for spa and resort treatment, for taking care of disabled children, for the purchase of recreation camp vouchers for the children of employees. Payments are also provided for childbirth, marriage, for families with three and more children, etc.

### HOUSING PROGRAMME

The Company has a Regulation from the Corporate Assistance and Support of the Personnel, with respect to the Improvement of Housing Conditions, approved by the Company's Board of Directors. There are Housing Commissions at of IDGC of Centre's branches.

In 2015, the Company allocated RUB 8.5 mln for the compensation of rental costs for young and highly skilled employees (152 employees) and RUB 16.5 mln for the payment of interest rates under mortgage loan agreements (200 employees).

Expenses for the improvement of housing conditions, RUB mln



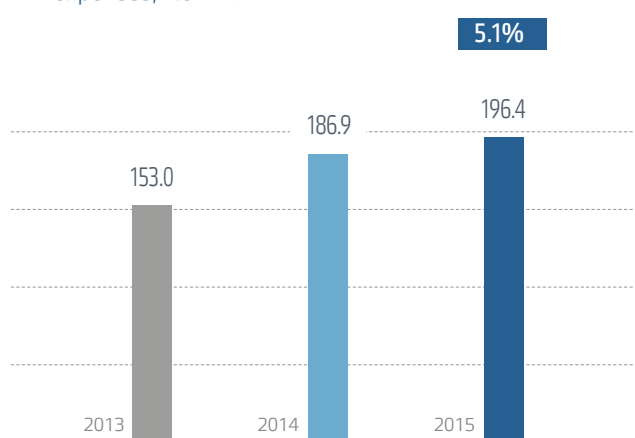
### PERSONNEL HEALTH

In accordance with the Collective Agreement and Corporate Health Insurance Programme, IDGC of Centre's employees are insured by voluntary health insurance (VHI) programmes and are protected by accident and health insurance. VHI programmes provide a broad range of medical services, free of charge, including different types of medical examinations, clinical services, and in-patient and rehabilitation treatment.

In 2015, the insurance premium under VHI agreements amounted to over RUB 190 mln. Accident and health insurance agreements covered all of the Company's employees.

Sports and the promotion of a healthy lifestyle are an integral part of the Company's staffing policy and corporate culture. The Company's branches hold sports games, football, hockey, volleyball, chess tournaments, bike rides, health days, sports days for employees and members of their families, and many other events. The winners and branches' best sportsmen participate in: local regional sporting events, in sports competitions between structural units and in external competition as members of IDGC of Centre's corporate team.

VHI expenses, RUB mln



In 2015, the Summer Sports Games were held in Lipetsk. 12 teams of branch employees and the executive office of the Company took part in the Games. IDGC of Centre's Second Hockey Tournament, dedicated to the 70th Anniversary of the Victory in the Great Patriotic War, was held in February 2015 in Tver at the Triumph Sports Ice Complex.

## CORPORATE PENSION SUPPORT AND VETERAN CARE

The Company has its Programme of Non-State Pension Coverage for the financial assistance of retired employees, which is annually approved by the Board of Directors. IDGC of Centre's Non-State Pension Programme is implemented based agreements for corporate and parity pension plans entered into with PJSC Non-State Pension Fund of Electric Power Industry.

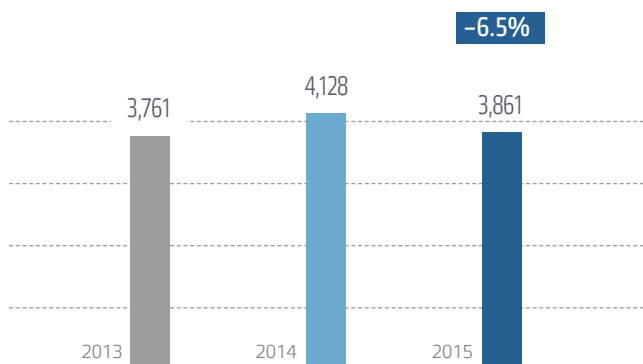
Councils of Veterans are set up at each of the Company's branches linking the pensioners and the management of each branch. The Councils of Veterans helps to identify the pensioners in the most strained circumstances, and helps

the management of the branches to organise joint events related to holidays and jubilees.

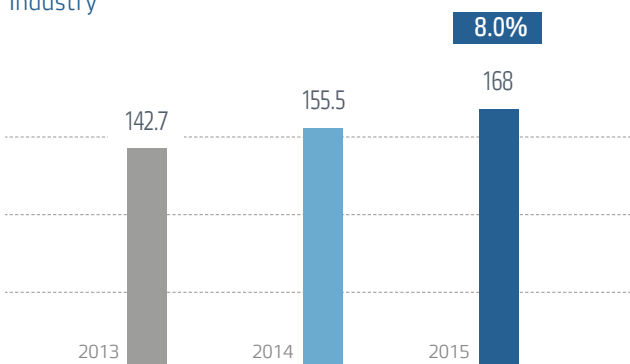
In May 2015, during celebration of the 70th anniversary of the Victory in the Great Patriotic War, the employees took part in Russian patriotic campaigns, The Immortal Regiment and the St. George Ribbon.

In 2015, the Company's financial assistance expenses for non-working pensioners and disabled persons amounted to RUB 54.8 mln.

Number of persons receiving a corporate pension



Payments to the Non-State Pension Fund of Electric Power Industry



## CORPORATE VOLUNTEERING

The Company considers charity activities as one of the Staffing and Social Policy's areas of implementation, ensuring the creation of a favourable social environment in the regions of IDGC of Centre's presence.

Jointly with the Gift of Life Foundation, the Company regularly holds donor campaigns for blood donation. In 2015, employees of the Company's Belgorod branch participated in an event entitled "Become a Magician." On New Year's Eve, employees purchased toboggans, balls, and toys for children at the Ivnyansky Social and Rehabilitation Centre for Minors, located in the Belgorod Region. In addition, the Company's employees collected over RUB 150 thou. of their personal funds to equip the Centre of Psychological Support and Rehabilitation for Cancer-Stricken Children, which opened in Belgorod in October 2015.

Employees of Lipetskenergo took part in a charity event, entitled "Go Ahead and Study," in the Lipetsk Region. The goal of the event was to provide as many school supplies as possible to children from needy families. Thanks to our employees in Lipetsk, the children received new toys for the New Year during the voluntary "Gift of Father Frost" campaign.

The Company's employees also help to support their colleagues and the children of their colleagues in time of need. In 2015, the Company's employees donated around RUB 2 mln for the aid of their colleagues in tough situations.

Attention is also paid to boarding schools in the regions. The Tambovenergo branch supports a correctional boarding school for deaf children. The Voronezh branch supports a boarding school in Talovo for orphans and children deprived of parental care. Employees of the Bryanskenergo branch help a special boarding school in Mglin for orphans and children deprived of parental care.



## DIALOGUE BETWEEN MANAGEMENT AND EMPLOYEES

### TRADE UNIONS

The Primary Trade Union Organisation of IDGC of Centre, PJSC, is supposed to ensure a reasonable balance of interests with the positive trend in social support of employees, participating in: the creation of healthy and safe labour conditions, and the improvement of the efficiency of protecting employees' social and economic rights and interests.

The primary trade union organisation of the Company integrates 12 trade union organisations (in the executive office and in 11 branches); the trade unions have over 23 thou. members. The level of trade union membership is 82% of the total headcount of the Company's employees.

In spite of the tightening social and economic conditions in 2015, the management of the Company and the trade union committee of IDGC of Centre, PJSC, managed to: ensure average salary growth for power engineers, and to increase the attractiveness of the power engineer profession on the labour market in the regions of presence. Due to the

construction of a social partnership, the parties managed to preserve high standards of social responsibility, including voluntary medical insurance, insurance for accidents and diseases, and the payment of an allowance and financial assistance for family reasons.

Jointly with the employer, the trade unions organise different events for the Company's employees. These events are dedicated to memorable dates, amateur performance events, and corporate Funny and Inventive Club events. The employees are provided with access to a sports infrastructure (swimming pools, sports grounds, etc.), and training and competitions are held (annual spartakiads, hockey tournaments, and friendly matches among the branches' teams).

Jointly with IDGC of Centre, PJSC, the trade union organisation participates in numerous social projects, and organises and holds charity events.

### REVIEW OF COMPLAINTS AND PROPOSALS

IDGC of Centre, PJSC, has a system for filing complaints and proposals, both from employees, counterparties and other groups of stakeholders.

Employees are entitled to send applications to the Company's management (the Branch Director, and the General Director of the Company). The management reviews all applications and a written response is sent to the applicant to the specified address in the application. In 2015, 57 applications were sent to the Branch Directors and to the Company's General Director.

Additionally, the management and the Trade Union Committee of IDGC of Centre, PJSC, regularly hold meetings with staff in Distribution Zones, explaining the mechanisms of compensations and benefits, changes in the labour payment system and health and safety matters to the employees under the Collective Agreement.

Allegations of corruption can be reported via the telephone hotline or by email ([doverie@mrsk-1.ru](mailto:doverie@mrsk-1.ru)), using the feedback form on the corporate website, found at <http://www.mrsk-1.ru/>, and by using any other methods. See more information in the "Corruption Counteraction" Section of the Annual Report.

### SETTLEMENT OF DISPUTES USING OFFICIAL MECHANISMS

As per Article 392 of the Labour Code of the Russian Federation, an employee is entitled to apply to the court to settle an individual labour dispute within three months from the date he/she was supposed to have learned about any violation of their rights, and within one month from the delivery date of the copy of the order for their dismissal (or from the date of their return) to the labour book, in the case of any disputes related to dismissal.

19 employees had recourse to the court in 2015. 16 disputes were settled within a year, while 3 disputes are still being reviewed.

### MATTERS CONSIDERED BY THE MANAGEMENT, TAKING INTO ACCOUNT THE OPINION OF EMPLOYEES

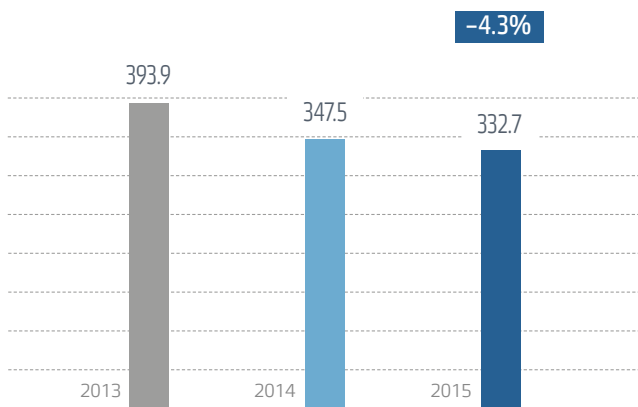
Within the framework of the Collective Agreement, the social partnership's parties jointly address the general regulation principles' development issues of social and labour relations:

- The improvement of labour efficiency and productivity, the improvement of the quality of work;
- Compliance with labour and production discipline, health and safety requirements, and occupational sanitation
- Assurance of social stability in the Company.

## LABOUR SAFETY

To ensure the employees' safety at work, the Company has implemented the Injury Risk Reduction Programme for the 2015-2017 period. RUB 332.7 mln were spent on this programme in 2015, which is 4.3% lower than the cost in 2014. This gradual reduction of costs is attributable to the fulfilment of planned actions items, which, subsequently, do not require annual recurrent financing.

Expenses for the implementation of the Injury Risk Reduction Programme, RUB mln



The Company identifies the following major occupation injury risks:

- Electric current and electric arc risks;
- Risks of impact from moving machines, mechanisms, and moving parts of operational equipment;
- Risk of falling from high places (and risks of falling objects).

**4** Staff Training Centres  
238 engineering classrooms

**272** training sites  
in the Company's service area

All employees who are engaged in work with harmful and hazardous conditions are trained in safe working methods and techniques. These working employees pass regular health and safety training; employees of certain categories have tests that check their knowledge of health and safety requirements.

The Company regularly performs medical examinations of its personnel. Employees engaged in harmful, hazardous and harsh labour conditions are recorded. Records are

In the reporting period within the framework of Injury Risk Reduction Programme, the Company continued its work to ensure operational safety, the creation of optimum working conditions, and the protection of its employees' life and health, providing them with the required protective equipment.

As in the previous years, the Company has made a significant focus on the training of personnel. IDGC of Centre's branches use existing training facilities broadly, where personnel exercise the correct maintenance of electrical installation and repair operations.

**12.0** thousand people  
had training at the training sites in 2015

**12.3** thousand people  
had training at the Centres and engineering classrooms in 2015

kept based on the certification data of workplace labour conditions; since 2014, a special assessment of labour conditions has been performed. Additional compensations are provided for the said categories of employees, in accordance with labour legislation and the Collective Agreement (including additional vacation time and others).

Currently, there are no employees with initially identified occupational diseases (diseases contracted while working in the Company).

<sup>1</sup> Minutes from the meeting of the Board of Directors, dated 30.01.2015 No. 01/15.

Employees authorised to work without supervision on electrical installation are provided with electricity protection equipment and special clothing. In 2015, the Company focused on purchasing of sets of arc-resistant clothing and sets of bars for the installation of temporary ground, without employees having to climb on poles of overhead lines. Almost all crews that service high-voltage lines are provided with two sets of such devices. The application of these sets significantly reduces the risk of electrical injuries and injuries caused by falling from high places.

Due to preventive efforts taken by the Company, the overall number of work-related accidents has been gradually decreasing. The number of fatal injuries has remained at the same level. In 2015, the Company had 2 reported accidents at its facilities, one at Yarenergo and one at Tambovenergo. One of these accidents was fatal. In accordance with the Accident Investigation Reports, the managers of the Company are held accountable for these accidents. Both accidents were caused by an unauthorised performance of work.

**0.0680** injury frequency  
(number of cases per 1,000 employees)

Occupational injuries at the Company

Indicator	2013	2014	2015	Variance 2015/2014,%
Number of persons injured by occupational accidents, total	7	5	2	-60
Including fatal accidents	1	1	1	

The total labour protection costs in 2015 amounted to RUB 468.7 mln, which is 6.3% lower than in 2014. Such a reduction is attributable to the reduction of spending on accident prevention measures (-42.7% compared to 2014) and an overall improvement of labour conditions (-38.2%). A significant part of these activities was performed in the previous years at a rather high level and therefore, they did not require spending in the reporting period. The spending on PPE for employees in general stayed at the level of the previous year. It is also necessary to note the annual increase of spending on sanitary and hygienic activities for the prevention of occupational diseases, due to the growth of the of medical examination costs.

Structure of labour protection costs, RUB mln

