

MINUTES OF PUBLIC HEARINGS
upon Report on corporate social responsibility and sustainable development of the PJSC
RusHydro Group 2015 .

Public hearings on the Report on corporate social responsibility and sustainable development of the RusHydro Group 2015 were held on July 26, 2016 from 01:00 pm till 04.00 pm in the Hall of the Management Board of PJSC RusHydro "Yenisei" at the address: 7, Malaya Dmitrovka St., 127006 Moscow

Before the meeting participants of the Public hearings received the following information materials:

- program of the event;
- draft of Report on corporate social responsibility and sustainable development of RusHydro Group 2015 (draft for public discussion),
- list of invited and confirmed delegates of stakeholders.

List of participants:

Delegates of PJSC RusHydro:

- Member of the Management Board, First Deputy Director General of PJSC "RusHydro" A.V. Kazachenkov;
- Member of the Management Board, First Deputy Director General — Chief Engineer B.B. Bogush;
- Deputy Strategy Director of Strategy and IR Department of PJSC "RusHydro" O.V. Mashyrova;
- Deputy Director of Corporate Governance Department of PJSC RusHydro, Corporate Secretary of PJSC RusHydro M.V. Zavalko;
- Advisor to Director General for Investor Relations of PJSC "RAO Energy Systems of the East" M.M. Kochetkov;
- Executive managers and employees of PJSC RusHydro in certain activity areas.

Delegates of stakeholders:

from Governmental Authorities:

- Assistant at the Department of State Energy Policy of Minenergo of Russia I.P. Kutsevliak;
- Project Director of Project Administration Office of Innovation Management Federal State Budgetary Institution "REA" Ministry of Energy of RF M.M. Dygan;
- Chief Specialist of the Energy Security Data Analysis Department and Special Programs of FGBI "CEA" Ministry of Energy of RF D.K. Pobrezhnyi;
- Senior Consultant of Financial and Non-Financial Reporting and Audit Department of Financial and Banking activities and Investment Development of the Ministry of Economic Development of RF A.A. Mazurets;

from environmental organizations:

- Head of Hydropower UNDP / GEF Project of the Russian Federation ministry of natural resources "Mainstreaming Biodiversity Conservation into Russia's Energy Sector Policies and Operations" A.B. Alibekov;
- Program Manager for Environmental Policy and Energy WWF-Russia A.Yu. Knizhnikov;
- Director of Environmental and Energy Agency INTERFAX-ERA A.S. Martynov;

from the investment community:

- Executive Director of PJSC "Sberbank" A.N. Nekrasov;
- EBRD senior banker S.S. Gerasymov;
- Head of relations with government agencies of EBRD I.D. Yabbarova;

from business associations:

- Deputy Chairman of RSPP on non-financial reporting, Managing Director of the Office of Corporate Responsibility, Sustainable Development and Social Entrepreneurship of RSPP E.N. Feoktystova;

from professional and infrastructural organizations:

- Head of the Legal Department for Corporate Legal Administration Procedures (Association "NP Market Council") O.V. Mosheva;
- Corporate Governance Department Offices of JSC "SO UES" E.A. Gorban;
- Chairman of the Board of NPO "Association of Guarantee Suppliers and Energy Retail Companies" N.V. Nevmerzhitskaya;
- Head of the Energy Sales and Operations Department of PJSC "LUKOIL" Energy Block V.A. Zubakin;

from scientific and technological community and educational institutions:

- Professor of "Electrical power and renewable energy" Department of NRU "MPEI" M.G. Tiagunov;
- Chairman of the Board of National Fund on Promotion of Sustainable Regional Development, member of the Supreme Environmental Council of the State Duma Committee on Natural Resources, Environment and Ecology V.F. Grakovych;

from major off-takers:

- Director of Electricity Department of Directorate on Natural Monopolies UC RUSAL D.L. Savkov;
- Department Head of BEMO UC RUSAL project E.V. Bolshakova;

from contractor organizations:

- Head of Projects and Sales Directorate of OJSC Power Machines in the domestic and CIS market A.I. Kobliuk;

from the expert community (independent observers):

- Manager of Sustainable Development "PricewaterhouseCoopers" in Russia V.A. Smirnova;
- Auditor of "PricewaterhouseCoopers" in Russia E.I. Riffel;
- Auditor of "PricewaterhouseCoopers" in Russia A.I. Arisova;

moderator :

- Director General of Business Development Agency "Da-Strategy" Zh.K. Zahidullin.

I. Opening of the public hearings

A.V. Kazachenkov, Member of the Board, First Deputy Chairman of the Board of PJSC RusHydro greeted to the participants of the hearings.

He thanked the participants for their interest in the Company and willingness to participate in public hearings on the draft of the Report on Corporate Social Responsibility and Sustainable Development of RusHydro Group 2015 (hereinafter - the Report).

In his speech A.V. Kazachenkov emphasized that this is the eighth report of the Company and it has a number of features, in particular, it provides information on environmental liability of the Company and integrated indicators and information on sustainable development of the Holding "RAO ES of the East".

For further conduct of public hearings the word was given to Zh.K. Zagidullin, Director General of BDA "Da-Strategy", who introduced the rules of proceedings and structure of the program, explaining the main points on organization of communication.

Moderator drew attention to the fact that all those present will have the opportunity to express their views on the completeness and materiality of information provided in the Report and recommendations to the perspective plans of the Company.

II. Report on corporate social responsibility and sustainable development of the PJSC RusHydro Group 2015 . goals, standards and key themes (spokesperson: A. V. Kazachenkov)

In the report, A.V. Kazachenkov presented in detail the context and the process of preparation of the Report (including the process of determining the materiality of the themes disclosed), the basic structure and content of the Report, as well as the various ways of confirmation (verification) of reporting information and main achievements of the Company in the field of sustainable development in 2015.

At the end of the report A.V. Kazachenkov announced plans on development of reporting of the Company and interaction with stakeholders in RusHydro Group.

III. Development Strategy of RusHydro Group for the period until 2020 with an outlook for 2025 (spokesperson: O. V. Mashyrova)

O.V. Mashyrova noted the special importance for the development of the Development Strategy of RusHydro Group for the period till 2020 with a view to 2025 and that the solution of sustainable development problems play an important role in the Strategy.

The speaker told about the main parameters of the Strategy, including the mission, values, goals and their connection with objectives of the Group's activities, as well as events and key performance indicators of the Strategy.

O.V. Mashirova paid special attention to the key factors of growth in the value of the Company aimed at the implementation of the Strategy; described the major projects in the field of renewable energy, and expected contribution to the sustainable development of these projects.

IV. Environmental Liability Management Practice of PJSC RusHydro environmental policy, achievements of 2015, plans (spokesperson: B.B. Bogush).

The speaker noted the special importance of works carried out by the Company on Environmental Policy Development of PJSC RusHydro, adopted at the beginning of 2016.

B.B. Bogush described the basic principles and objectives of environmental activities of the Company, as well as the approach in the field of environmental management and the basic directions of activity in protection of the environmental.

B.B. Bogush presented and commented on key environmental indicators of the Company for the last three years. The speaker described the areas of cooperation with various organizations in Russia and abroad (UNDP, MAG / IHA, ICOLD, Russian-Chinese Environmental Council, and others.) in the field of environmental protection.

Plans of the Company in the field of environmental activities for 2016, including those related to the development of Activity programs, which ensure implementation of PJSC RusHydro Environmental Policy were presented in conclusion.

V. Suggestions and recommendations of stakeholders

Moderator Zh.K. Zagidullin invited the representatives of stakeholders to speak with their reports, in particular, to evaluate the text of the draft Report for 2015 from the point of view of completeness and materiality of information, as well as to express their suggestions and recommendations for PJSC RusHydro on improving the quality of public reporting, as well as proposals to plans and Company's obligations in the field of sustainable development.

All representatives of stakeholders have positively assessed draft Report and noted its content and availability of information of the Report on Holding "RAO ES of the East".

Speakers also recognized that the Report is an important and necessary contribution to the Company as to development of relations with stakeholders, as well as to the Company's corporate governance development, increase of transparency and accountability of the Company.

The speakers have made a number of specific recommendations to the text of the Report, as well as to the plans and commitments of PJSC RusHydro on sustainable development :

E.N. Feoktistova

- To provide information on connection between the Energy Strategy Project of Russia for the period till 2035 and the Strategy of the Company, as well as to clarify the role of the Company in the process of drafting the Energy Strategy of Russia.
- To increase the number of analytic comments on indicators of sustainable development and their dynamics (to pay special attention on indicators of the section on staff).
- To provide more information on managing social risks (for further description of the structure it is useful to apply ISO 31000 standard).
- To take into account current global and national agenda in determining the essential themes of the Report (for the formation of the initial list of topics).

A.S. Martynov

- To structure information and indicators in Report by region and branch / facilities of the Company.
- To provide more information in the Report on specifics of impact the Company has on the environment as hydropower generator .
- To disclose more significant indicators on energy efficiency performance of the Company in the context of plants (such as "the ratio of power generation to through flow- in a given year, taking into account the height of the dam").
- To activate cooperation with the environmental NGOs, suspended in 2015. In particular, to continue the project on development of renewable energy and small hydropower, biodiversity (proposals for development of cooperation and establishment of information system supporting the formation of an effective market of autonomous renewable energy in Russia and CIS, submitted in writing to A.V. Kazachenkov).

I.P. Kutsevliak

- To add comments to the Section of the Report on key events, pointing out why these events are significant.
- To include a brief summary of the entire document at the beginning of the Report, as well as a brief summary of each chapter at the beginning of each chapter.
- In case of introduction of the first version of the report for 2016 at the end of this year - the Ministry would be interested in reading it.

N.V. Nevmerzhitskaia

- To add to the following reporting cycles information on energy retail activity of RusHydro Group and its impact on sustainable development, and to present projected calculation consequences of sales of retail assets by the Group (if any decision would be taken).
- To structure reporting information in a better way, to improve consistency and sequence of presentation within sections of the Report.

O.V. Mosheva

- To provide a detailed description of the difference between old and improved corporate governance systems in the Report.
- To provide the basic key performance indicators of subsidiaries and dependent companies of RusHydro in the Report.
- To provide an assessment report on work of the Board of Directors of the Company or provide a reference to the annual report where the information is available.

A.B. Alibekov

- Measures on biodiversity conservation performed by UNDP / GEF Project - Ministry of Natural Resources of Russia together with PJSC RusHydro and described in Report are

important and are recognized as good practice. It is proposed to add to this report (and in all following) a separate section titled "Biodiversity Conservation", which would compile information on activities carried out by the Holding, including detailed description of activities performed in collaboration with UNDP / GEF Project - Ministry of Natural Resources of Russia. Implementation of such sub-section of the Report corresponds to the world reporting practice of foreign hydropower companies.

- Due to the fact that biodiversity conservation activities in 2015-2016 were carried out mainly at the expense of UNDP / GEF Project - Ministry of Russia, it is offered to pay special attention to measures for the conservation of biodiversity based on the lessons learned and approaches, ensuring implementation of Environmental policy of PJSC RusHydro for 2016-2017, accumulated in cooperation with UNDP / GEF Project - Ministry of Natural Resources of Russia.
- Due to the fact that the Company carries out a large number of environmentally-oriented activities on its facilities (for example, in the North Caucasus and other branches presented in the report of B.B. Bogush), it is suggested to create a sub-section "Biodiversity Conservation" on the website of the Company, where would be accumulated information about the results of environmental activities carried out on facilities of the Company, environmental audit results, about experience of support of protected areas and species, on the Collection of innovative solutions on conservation of biodiversity in the hydropower sector etc. This corresponds to the standard international practice of environmentally responsible companies and facilitates the search for environmental information.
- Information on support of Hydropower Sustainability Assessment Protocol by the Company is provided in the last four reports on CSR and sustainable development of RusHydro Group. It is shown that the Company has gained considerable experience in order to use the Method for internal needs and intra-assessment of its facilities, which would allow to plan the Company's measures for improvement of production processes, as well as measures of social and environmental policy more accurately and with a reference to international practice.
- It is proposed to consider possible continuation of works on Hydropower Sustainability Assessment Protocol regarding organization of the internal evaluation of the Company's facilities.

A.Yu. Knizhnikov

- On the page 12 of the draft of the Report one can find a graph of power generation, it is desirable to indicate which of the subsidiaries and dependent companies are referred to in the column "other".
- In the Report (for example, on page 15) is presented a different determination of renewable energy - as a small powerplants (25 MW), and main HPPs of the Company. It is necessary to define the concept of renewable energy, and to bring the text of the Report in accordance with it (it is recommended to classify only small hydropower plants as RES).
- To describe in details the impact of large dams on the environment, in particular, to provide information and indicators referring to both headrace and tailrace.
- To give a comment (including, with respect to environmental impact of the Company) on the dynamics of heat production, as production of hydropower is reduced, and heat production is increased.
- To add data on traditional environmental indicators (such as the emissions of SO_x, NO_x).
- Specific environmental parameters (in particular, emission of pollutants) per unit of production in order to ensure that readers are clear with trends in the Company's development shall be indicated in the following Report.
- To provide more detailed information on certification according to ISO 14000, as well as future plans of the Company on development of environmental management system within the Group.

- It is advisable to provide examples of feedback of stakeholders on the sustainable development in the reporting period (such as quotes).

S.S. Gerasymov

- To provide more information on dynamics and plans for technical and performance indicators of the Holding "RAO ES of the East" (production of electricity, heat and energy loss, use of different types of fuel, reducing emissions of pollutants).

M.G. Tiahunov

- It is desirable to specify presented cooperation of the Company with universities. It should be more clearly specified (maybe in a special addendum) in which projects of the Company took part universities with which PJSC RusHydro has agreements. Otherwise, it seems that the value of charitable contribution to universities is much higher than actual value of projects of scientific and technological development, in which universities are involved.
- Perhaps it shall be noted that the use of charitable funds of the Company by higher education institutions is allowed for representatives of universities participating in national and international scientific events.
- It is desirable to develop an overall strategy and objectives of the Company's interaction with universities and to reflect it in Report.

V.A. Zubakin

- To structure information and to submit analytical comments in sections of the Report.
- To pay more attention to interests of major stakeholders of the Company - shareholders and investors.
- Pay special attention to the issue of social risks management, in particular related to the assessment of negative social consequences for the population caused by launching of new projects on construction of hydropower plants in specific areas (for example, represented at plotinam.net website).
- To provide more detailed information on plans and results of reduction of greenhouse gases emissions in the Holding "RAO ES of the East".

V.F. Grakovych

- To send the developed Report of the Company to Supreme Environmental Council of the State Duma Committee on Natural Resources, Environment and Ecology for use in work of the Council and support initiatives of the Company.

VI. Summarizing

At the end of the hearings the representatives of PJSC RusHydro thanked the participants of the public hearings for the joint work and proposals to the draft of the Report and Company's plans and commitments.

Responding to the requests and recommendations of stakeholders: B.B. Bogush announced that the Company will increase information transparency on environmental protection, including Programme preparation process, ensuring implementation of provisions of the Environmental Policy of PJSC RusHydro; O.V. Mashirova noted the willingness of the Company to reflect in the Report that the Company's Strategy is developed in accordance with the draft of Energy Strategy of Russia till 2035.

In conclusion, A.V. Kazachenkov positively assessed the Public hearings, comments and suggestions to the Report, confirmed intentions of the Company to work due the recommendations made to the maximum possible extent and to continue active cooperation with stakeholders on social responsibility and sustainable development of PJSC RusHydro.

**Member of the Board, First Deputy Director
General of PJSC "RusHydro"**

A. V. Kazachenkov

Mediator,
Director General of Business Development
Agency "Da-Strategiia"

Zh.K. Zahidullin