

## Defining materiality [103-1] [102-21] [102-46]

The basic procedure for preparing the annual report in line with the <IR>, GRI SRS, and AA1000SES international standards is to identify material topics.

RusHydro Group optimizes its approaches to defining materiality on an annual basis in order to disclose the most material information for stakeholders. In 2019, the Company updated its methodology for defining material topics, which involved the following stages:

1. We made a long-list of topics based on GRI SRS topics recommended for disclosure and relevant to RusHydro Group operations due to the corporate and industry specific features, as well as significant topics relevant to the global agenda and fitting the recent trends in public reporting;
2. RusHydro's management verified the proposed list of topics, updating content and wording;
3. Stakeholder representatives assessed topic significance (in a survey)<sup>1</sup>;

4. We adjusted responses of external stakeholders by means of weights;
5. We prioritized material topics for disclosure in the report proportional to their importance;
6. We reviewed stakeholder suggestions for disclosing additional material topics in the report.

Representatives of both internal (the Company's management) and external stakeholder groups took part in the survey process, and questions diversified depending on their competencies helped maintain the balance of responses. The respondents assessed the relevance of the topics by the following parameters:

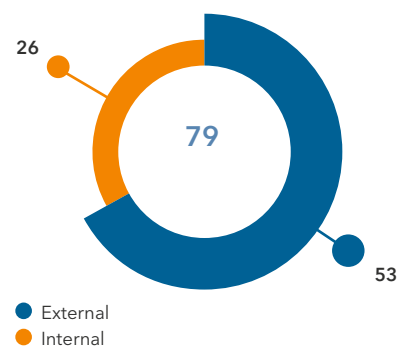
- significance both for RusHydro Group's tackling its current tasks and for delivering on its strategic goals (assessed only by internal respondents);
- relevance to the respondent or their entity (assessed only by external respondents);
- significance for the economy, environment, and local

communities in the regions where RusHydro Group companies operate (assessed by both internal and external respondents).

An important innovation was to prioritize external stakeholders' responses by using weighed scores based on the position on the stakeholder ranking map<sup>2</sup>.

Based on the survey results, integral scores including the above parameters were calculated for each proposed topic.

### Coverage of respondents in 2019, persons



<sup>1</sup> The highest possible score of each parameter was 2 points, so the highest possible cumulative score was 6 points.

<sup>2</sup> Out of 12 stakeholder groups, the group "Local communities and the regions of operation" was excluded for the purpose of weighting, as this group did not participate in the survey.

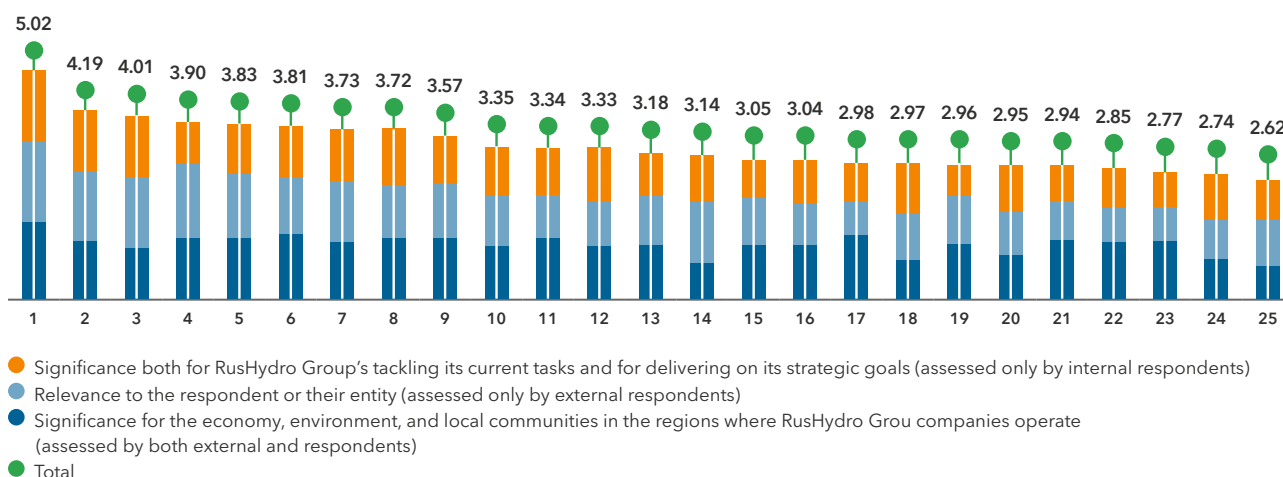
● Long-list of material topics<sup>1</sup>, proposed for the survey, sorted by significance [102-49][EC]

Topic №	The name of material topic (aspect of activity)	Integrated stakeholder scores
1.	Ensuring reliable and safe operation of energy facilities	<b>5.02</b>
2.	Financial and economic performance of RusHydro Group	<b>4.19</b>
3.	Ensuring financial strength of RusHydro Group	<b>4.01</b>
4.	Tariff regulation in the Far East	<b>3.90</b>
5.	Occupational health and safety	<b>3.83</b>
6.	Safety of consumers and people in the regions of operation (including unauthorized interaction with energy facilities and construction sites)	<b>3.81</b>
7.	Modernization of production assets, increase in the efficiency of power and heat generation, grid assets	<b>3.73</b>
8.	Quality of customer service (reliability of electricity and heat supply, development of user services)	<b>3.72</b>
9.	Development of energy infrastructure in the regions of operation (including construction of generating facilities)	<b>3.57</b>
10.	Anti-corruption efforts	<b>3.35</b>
11.	Compliance of RusHydro Group operations with environmental legislation	<b>3.34</b>
12.	Renewable energy promotion	<b>3.33</b>
13.	Water use and discharge	<b>3.18</b>
14.	Increase in the value of RusHydro Group	<b>3.14</b>
15.	Respect for employee rights and compliance with collective bargaining agreements	<b>3.05</b>
16.	Social and charitable projects in the regions of operation	<b>3.04</b>
17.	Creation of jobs across our footprint	<b>2.98</b>
18.	Innovation, research and development	<b>2.97</b>
19.	Human resources management and the promotion of good working conditions	<b>2.96</b>
20.	Staff training and education	<b>2.95</b>
21.	Greenhouse gas and other air pollutant emissions	<b>2.94</b>
22.	Industrial waste management	<b>2.85</b>
23.	Impact on biodiversity	<b>2.77</b>
24.	Compliance of RusHydro Group operations with antitrust law	<b>2.74</b>
25.	Efficiency of procurement	<b>2.62</b>

<sup>1</sup> According to the methodology applied, from the long-list (31 topics) the top material topics disclosed in the annual report include the first 25 topics with the highest scores in the survey.

Topic №	The name of material topic (aspect of activity)	Integrated stakeholder scores
26.	Respect for human rights	<b>2.43</b>
27.	Information on materials and energy resources used for power and heat generation, construction of facilities	<b>2.41</b>
28.	Energy consumption by RusHydro Group companies, development of energy-saving practices	<b>2.41</b>
29.	Digitalization of operational and management processes	<b>2.36</b>
30.	Supply chain management (including interaction with suppliers, contractors)	<b>2.35</b>
31.	Respect for the rights and interests of indigenous peoples in the regions of operation	<b>2.06</b>

### Scores of the Top 25 topics by constituent parameters, *score [102-47]*



According to the Company's decision, we added another topic relevant to both RusHydro Group operations and the global agenda (including due to Russia's ratification of the Paris Agreement on climate change), as well as arousing interest of individual stakeholders in the survey, to the list of material topics:

- RusHydro Group's contribution to low-carbon economy in Russia.

The additional material topic was not assessed on the external and internal scale.