

APPROVED

by the decision of the Board of Directors of
Joint-Stock Company

“Moscow United Electric Grid Company”

as of February 12th, 2007

(minutes No. 39 as of February 15th, 2007)

ENVIRONMENTAL POLICY
of Joint-Stock Company
“Moscow United Electric Grid Company”

1. GENERAL PROVISIONS

Environmental policy of Open Joint-Stock Company “Moscow United Electric Grid Company” (hereinafter referred to as Company) was developed in accordance with the strategy of OAO RAO UES of Russia in the sphere of the environmental protection and natural resources sustainable use.

The Company is the largest producer of electric power in Moscow and the Moscow Region and provides the consumers with highly productive ecologically clean type of power that objectively determines the Company’s impact on the environment, including such methods as pollutants emissions (PI), sewage discharge, and waste disposal sites.

The future accession of Russia to the World Trade Organization and the integration of electricity markets of Russia, CIS countries and the EU necessitate strengthening environmental priorities in the company’s activity.

The environmental policy of RAO UES of Russia shall define the principles, goals, objectives and principal directions for the Company’s activity in the domain of environmental protection and promotion of long-term environmental security.

2. FUNDAMENTAL PRINCIPLES OF THE ENVIRONMENTAL POLICY

- recognition of the constitutional right of humans to healthy environment;
- account of the priority of environmental security as a component of national security;
- responsibility for environmental protection in developing electricity industry in Moscow and Moscow Region;
- energy saving and sustainable use of natural and energy resources during the phases of transmission and distribution of power;
- prioritized implementation of the best available technologies as compared to measures for the minimization of environmental damage from existing equipment;
- adoption of managerial and investment decisions based on multi-case scenarios of development with account taken of environmental priorities;
- execution of production operations in the land and water areas of high environmental value only in exceptional cases pursuant to special resolutions by state authorities;
- reduction and environmentally safe treatment of production waste;
- preventive measures take priority over measure for the elimination of negative environmental impacts;
- openness and availability of environmental information, immediate notification of all interested parties of accidents, their environmental implications and accident response;
- openness and availability of results of the environmental monitoring of the Company conducted as part of the procedure for the assessment of environmental impact of energy facilities in the design and construction of new facilities.

3. GOAL, OBJECTIVES AND PRINCIPAL AREAS OF THE ENVIRONMENTAL POLICY

The goal of the environmental policy of the Company shall be the increase of the level of environmental security, raising the capitalization of the Company by ensuring reliable and environmentally safe transmission and distribution of power

This goal is expected to be achieved through the accomplishment of the following tasks:

1. Reducing the negative environmental impact of the Company.

1.1. Reducing the level of air emissions:

- nitrogen oxides;
- solids;
- greenhouse gases.

1.2. Reducing the discharge of pollutants into water bodies.

The principal areas for the accomplishment of task 1 shall be as follows:

- re-equipment and step-by-step decommissioning of outdated equipment, implementation of the best available technologies of power transmission and distribution;
- improvement of the engineering processes of transmission and distribution of electricity, implementation of measures for energy conservation and reduction of power losses during transportation;
- implementation of measures for the improvement of fuel supply efficiency;
- decrease of the human-caused environmental impact
- reduction of production waste and promotion of its safe treatment, implementation of waste treatment measures;

2. Creation of conditions and mechanisms which ensure that the negative environmental impact of electricity industry is minimized. To solve this issue, the Company requires the improvement of corporate management system in the domain of environmental protection, use of natural resources, emergency prevention and response, implementation of environmental management system in compliance with the requirements of international standard ISO 14001.

The environmental management system shall become an element of the corporate management system and an essential component of the non-financial risk management system applied by the Company. Its creation shall necessitate ensuring:

- regular environmental audits of the Company's branches;
- assessment of industrial and environmental risks, development and implementation of relevant mitigation measures, compensation for resulting losses;
- implementation of measures for the prevention and response to accidents having negative environmental effects;
- planning of economic operations with account taken of environmental targets, assessment and control of their achievement;
- development of power facility personnel accountable for industrial and environmental security;
- environmental monitoring and preparation of environmental reports;
- environmental risk management, development and implementation of relevant mitigation measures and compensation for resulting losses;
- compliance by contractors performing work at the facilities of OJSC "MOESK" with the standards and norms in the domain of industrial and environmental security;
- revision, adjustment and improvement, as needed, of environmental policy of the Company.

4. FINAL PROVISIONS

The current policy and its amendments are approved by the decision of the Company's Board of Directors.

Company's Board of Directors annually approves Company's Environmental Policy Realization Program for the correspondent year. According to the results of the year the

Company's General Director presents to the Company's Board of Directors the report on the mentioned program implementation.

The Company intends to maintain fruitful cooperation with international governmental and non-governmental organizations, scientific and educational institutions effectively operating in the domain of environmental protection and promotion of environmental security.

The implementation of environmental policy shall allow:

- reducing negative environmental impact;
- increasing the competitiveness of electricity in external and internal markets;
- raising the capitalization of the Company and its attractiveness to investors;
- increasing the level of social responsibility of the Company.