

ANTI-CORRUPTION POLICY

The Anti-Corruption Policy of Rosseti and its subsidiaries sets forth a consistent approach to compliance with Cl.13.3 of the Federal Law No. 273-FZ dated December 25, 2008 On Combating Corruption in part that concerns the Company's obligations to develop and put in place measures to prevent and combat corruption, including:

- identification and further elimination of causes of corruption (corruption prevention);

- identification, prevention, and suppression of corruption and sundry offences;
- minimizing and (or) addressing the consequences of corruption and sundry offences.

In the reporting year, Kubanenergo Order No. 80 dated February 5, 2020 approved the Anti-Corruption Plan for 2020.

The focus areas of the Company's anti-corruption policy and measures for their implementation in 2020

Ficus areas	Measures
Structuring the risk management process to prevent and combat corruption	Based on the results of six months and 2019, the reports on the review of management Information on the implementation of the Anti-Corruption Policy, including the results of anti-corruption monitoring, were submitted to the Audit Committee for consideration. The reports were taken into consideration by the Committee without any comments and were taken into consideration by the Company's Board of Directors
Identification and clearing of conflict of interests	Employees' conflicts of interests were once against subject to annual declaration for 2019; the Company collected 1,908 declarations and identified 14 pre-conflict cases. By the end of 2020, all conflict of interest / pre-conflict cases were resolved. Kubanenergo's Corporate Ethics Compliance and Conflict of Interest Commission had two meetings. They checked the submitted statements of income, property, and property liabilities born by the top managers (78 statements) or their immediate family members (251 statements) in 2019. This audit did not identify any signs of affiliation, conflict of interest, or pre-conflict cases.
Developing and Introducing Standards and Procedures Oriented to Ensuring Fair Work Practices	In 2020, the Company made agreements with 105 newly employed people on their compliance with the Anti-Corruption Policy and the Code of Corporate Ethics and Employee Conduct. The Company developed and approved seven organizational and administrative documents on the anti-corruption compliance and implementation of anti-corruption policy, including the amended Anti-Corruption Policy of Rosseti and its subsidiaries and affiliates (approved by the Board of Directors, Minutes No. 401/2020 dated September 11, 2020, corporate Order No. 585-od dated October 1, 2020)
Review and verification of reports of corruption and sundry abuses	In 2020, the Company received 20 reports of possible corruption or other abuses, of which 18 were sent via the feedback form of the Anti-Corruption Policy section of Kubaenergo's website; one letter from Rosseti and one reported directly by a person in writing. The Company carefully checked every such report. None of the reported cases was confirmed.

Control over the Company's compliance with the Russian law against unlawful use of insider information and market manipulation	<p>This control followed up on the Insider Information Regulations of Kubanenergo (approved by the decision of the Company's Board of Directors on June 20, 2019 (Minutes No. 348/2019) and put into effect by corporate Order No. 671 dated July 16, 2019) in the following areas:</p> <ul style="list-style-type: none"> • ongoing control of compliance with the Russian law; • methodological work; • coordination of efforts to develop the insider information control system. <p>In 2020, there were no cases of breach of Federal Law No. 224-FZ dated July 27, 2010 On Countering the Misuse of Insider Information and Market Manipulation and the regulatory legal acts of the Russian Federation adopted thereunder.</p> <p>As of December 30, 2020 (date of the Moscow Exchange's last inquiry of the reporting year), the Company's Insider List included 20 legal persons and 364 natural persons.</p> <p>Monthly lists of the Company's insiders were sent via the Insider Lists system of the Moscow Exchange web service in electronic form.</p> <p>The Company publishes information for insiders at the corporate website (For shareholders and investors / Information for insiders)</p>
Taking measures to prevent corruption when interacting with partners and counterparties	<p>Information about signed contracts, additional agreements, and new subcontractors of business partners was added daily to the Company's automated system for collection and analysis of beneficiary data; in 2020, more than 62 thousand contracts and additional agreements were uploaded to it.</p> <p>Conflicts of interests were declared for candidates for vacant jobs at the Company.</p> <p>In 2020, 1,652 checks of individuals were carried out in hiring or transferring, and 57 negative conclusions were given.</p> <p>The procurement documentation was subject to the approval procedure. In 2020, the Company took part in a total of 679 procurement procedures; for 82 of them, the initial (maximum) price reduced for a total of RUB 18.15 mn; four procurement procedures was cancelled for the amount of RUB 8.56 mn.</p> <p>Anti-corruption reservation and the contractor's duty to submit beneficiary data were added to more than seven thousand contracts submitted for procurement.</p>
Legal education and laying foundations of lawful behavior, advice, and training for employees	<p>The Company continuously updates its legal framework and takes all the necessary measures and anti-corruption procedures to instill zero tolerance to corruption in its employees.</p> <p>In 2020, 9,274 employees of the Company were trained in the corruption prevention and enforcement.</p> <p>Representatives of the Company participated, along with representatives of the Security Department of Rosseti, in the meeting of the working group, in the meeting of the Central Commission of Rosseti on compliance with corporate ethics and conflict of interest resolution, in the meeting on the year-end results</p>