

ANTI-CORRUPTION POLICY AND ECONOMIC SECURITY

ANTI-CORRUPTION POLICY OF THE COMPANY

Rosseti and its subsidiaries' Anti-Corruption Policy sets forth a consistent approach to compliance with Clause 13.3 of Federal Law No. 273-FZ dated 25 December 2008 On Anti-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
- Minimisation and (or) remediation of consequences of corruption and sundry offences

The full text of the Anti-Corruption Policy of the Company is available in the About the Company / Anti-Corruption Policy section on the official website of PJSC Rosseti Kuban.

[Click here to open the Anti-Corruption Policy on the Company's website](#)

In the reporting year, the Anti-Corruption Plan for 2021 was approved by Order of PJSC Rosseti Kuban dated 8 February 2021 No. 60-od.

KEY FOCUS AREAS OF THE ANTI-CORRUPTION POLICY IN 2021

The focus area of the Anti-Corruption Policy	Measures
Establishment of the inner control and risk management process to prevent and combat corruption	Reports on the results of anti-corruption monitoring for 2020 and 6M 2021, as well as quarterly reports on the results of implementation of measures to comply with the insider information control laws were prepared and submitted to the Audit Committee and further to the Board of Directors of the Company for consideration. The Reports were reviewed and took under advisement by the Audit Committee and the Board of Directors of the Company without any comment
Identification and clearing of conflict of interests	Employees' conflicts of interests were subject to annual declaration in 2020; the Company collected 2,210 declarations and identified nine pre-conflict cases. All pre-conflict situations were resolved by the end of 2021. The Corporate Ethics Compliance and Conflict of Interest Commission of Rosseti Kuban had two meetings. The members checked the submitted statements of income, property, and property liabilities born by the top managers or their immediate family members in 2020. The findings of this audit showed no signs of affiliation, conflict of interest or pre-conflict cases. Candidates for vacant jobs at the Company were also subject to the declaration of conflicts of interests. A total of 190 conclusions were issued on screening of candidates applying for vacant positions at Rosseti Kuban in 2021, 32 of which were negative
Development of and Introduction of Standards and Procedures to Ensure Fair Work Practices	In 2021, agreements on compliance with the requirements of the Anti-Corruption Policy and the Code of Corporate Ethics and Conduct of Employees were obtained from 101 new employees of the Company. The Company developed and approved seven organisational decrees on anti-corruption compliance and the implementation of its Anti-Corruption Policy
Review and verification of reports of corruption and other abuses	In 2021, the Company received 21 reports of possible corruption and other abuses via the feedback form in the Anti-Corruption Policy section of Rosseti Kuban's website. The Company carefully checked every such report. None of the reported cases was confirmed

The focus area of the Anti-Corruption Policy	Measures
Control over the Company's compliance with the Russian Law against unlawful use of insider information and market manipulation	<p>The control in the following areas was aligned with the Regulations on Insider Information of the Company approved on 20 June 2019 by the Company's Board of Directors (Minutes No. 348/2019) and enacted by the Company's Order No. 671 dated 16 July 2019:</p> <ul style="list-style-type: none"> • Ongoing control of compliance with the Russian Laws • Procedural framework • Coordination of efforts to develop the insider information control system <p>In 2021, there were detected no case of breach of Federal Law No. 224-FZ dated 27 July 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 at 28 December 2021 (date of the Moscow Exchange's last inquiry of the reporting year), the Company's Insider List has 23 legal persons and 367 individuals.</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 in the For Shareholders and Investors / Information for Insiders section</p>
Prevention of corruption in interaction with partners and subcontractors	<p>Information about signed agreements, additional agreements, and new subcontractors of business partners was added on a daily basis to the Company's automated system for collection and analysis of beneficiary data; more than 65 thousand agreements and additional agreements were uploaded in 2021.</p> <p>The procurement documentation underwent the approval procedure. In 2021, 736 procurement procedures were conducted, the starting (maximum) price was reduced in 129 procurement procedures for a total of RUB 113.26 mn, and two procurement procedures (totalling RUB 0.89 mn) were cancelled. Anti-corruption reservation and the subcontractor's duty to submit beneficiary data were added to more than 6,900 agreements submitted for procurement procedures</p>
Joint corporate effort to prevent and combat corruption	<p>The Declaration of Rosseti Kuban PJSC on compliance with the Anti-Corruption Charter of Russian Business (to be submitted every two years) was updated and sent to the Chamber of Commerce and Industry of the Russian Federation. The details on the website of the Chamber of Commerce and Industry of the Russian Federation were updated accordingly.</p> <p>Together with the representatives of the Russian Ministry of Labour, the Company took part in one-day workshop on "Implementation of the Anti-Corruption Policy at Rosseti and Rosseti's Subsidiaries and Affiliates. Innovations in Russian anti-corruption legislation"</p>
Legal education and laying the groundwork of lawful behaviours, consulting and training for employees	<p>The Company continuously updates its legal framework and takes all the necessary measures and anti-corruption procedures to instil zero tolerance to corruption in its employees.</p> <p>During 2021, 923 employees of the executive office and branches of Rosseti Kuban underwent training under a programme on preventing and combating corruption.</p> <p>Along with the representatives of the Security Department of Rosseti, the representatives of the Company participated in the meetings of the working group, in the meeting of Rosseti Central Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution, in the meeting on the year-end results</p>

For 2022, the Company scheduled to approve and implement its Annual Anti-Corruption Plan and to enhance the mechanisms for the following:

- Identification and clearing of conflict of interests
- Implementation of anti-corruption procurement standards
- Prevention of corruption when interacting with partners and subcontractors

ENSURING ECONOMIC SECURITY OF OPERATIONS

In the reporting year, to ensure the economic security of own operations, the Company undertook the following:

- Protecting the Company's interests against external and internal threats of an economic nature
- Combating the off-the-meter electricity consumption and an increase in accounts receivable
- Interacting with law enforcement and supervisory authorities
- Conducting verifications of the following:
 1. appeals of individuals and legal entities on the matters of unlawful acts
 2. potential and existing subcontractors of the Company, their business reputation and financial position, to identify and prevent possible unfair practices on their part
 3. persons recruited, in terms of the credibility of the documents provided and the existence of compromising information

In 2021, the ratio of detected and recovered damage more than doubled compared to 2020. In the reporting year, all quarterly targets (including KPIs of General Director) for accounts receivable repayment were fulfilled by more than 100%.

ENSURING THE ECONOMIC SECURITY OF OPERATIONS IS ONE OF ROSSETI KUBAN'S MOST IMPORTANT TASKS.

212 RUB mn

RECOVERED ON PENALTIES FOR LATE PAYMENT OF ELECTRICITY

333 RUB mn

OF DEBTS UNDER WRITS OF EXECUTION SETTLED IN 2021



In 2021, RUB 212 mn in penalties were collected for late payment for electricity transmission services.

In 2021, the security department received 171 writs of execution worth RUB 286.797 mn. The amount of claims settled during the year under writs of execution was RUB 333.184 mn (debt under writs of previous periods was partially recovered).

The most significant results of economic security activities in the reporting year:

- Cardinal improvement in the payment discipline of the Company's main debtor, PJSC TNS-Energy Kuban, which for five years has not demonstrated a significant positive trend
- Compensation for the RUB 140 mn damage caused to the Company by the illegal actions of LLC Vympelsetstroy — using an invalid enforcement document
- Initiation of criminal proceedings under Article 165 of the Criminal Code of the Russian Federation against representatives of LLC Multiservice, which caused damage to the Company in the amount of RUB 36 mn as a result of wrongful placement of the FOCL

KEY PERFORMANCE INDICATORS FOR ECONOMIC SECURITY OF ROSSETI KUBAN IN 2019–2021

Indicators in terms of security	2019	2020	2021	Δ 2021/2020 (%)
Control measures to prevent corruption, internal audits, comprehensive audits of the financial and economic activities of branches, during which, among other things, the presence of corruption manifestations was checked	1,896	1,514	1,427	–6
Anti-corruption control of the stages of procurement activities (review of analytical notes, issues submitted to meetings of the Central Procurement Body (Central Tender Commission), anti-corruption expertise of draft agreements, check of procurement participants for possible affiliation with Company employees)	4,498	2,534	2,124	–19
Number of negative conclusions on the results of examinations of participants in procurement procedures	83	26	30	15
Number of calls via the whistleblower hotline processed	12	20	21	5
Prevented material damage based on the results of the work done (RUB mn)	45.27	5,170.522 ¹	132.2	–

¹. The significant discrepancy in the amounts of prevented damage in 2020–2021 is due to the fact that in 2020 there was an unprecedented prevention of damage to the amount of RUB 5 bn that could have been caused by criminal attacks on energy facilities (judgement entered into legal force).