

Approved by the resolution  
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**Anti-Corruption Policy  
of JSC ROSSETI and Subsidiaries and Dependent Companies of JSC  
ROSSETI**

**Moscow**

**2014**

## Introduction

The basic legal regulatory document governing anti-corruption efforts is Federal Law No. 273-FZ of December 25, 2008, “On Combating Corruption” (hereinafter, the “Anti-Corruption Law”).

In accordance with Article 13.3 of the Anti-Corruption Law, starting from January 1, 2013, JSC ROSSETI and its subsidiaries and dependent companies (SDCs) are obligated to develop and take measures to prevent and combat corruption, including:

- appointing divisions responsible for avoiding corruption offenses and other offenses;
- cooperating with law enforcement agencies;
- developing and implementing standards and procedures aimed at ensuring good faith work;
- approving the corporate code of ethics and business conduct;
- preventing and resolving conflicts of interest;
- preventing the preparation of unofficial reporting and the use of forged documents.

Decree of the President of the Russian Federation No. 226 of April 11, 2014, approved the National Plan of Combating Corruption for 2014-2015 (hereinafter, the "National Anti-Corruption Plan"), set objectives for the near future with respect to combating corruption, and outlined measures to accomplish such objectives in organizations.

According to the National Anti-Corruption Plan, the principal objective is to fulfill the requirements of Article 13.3 of the Anti-Corruption Law in relation to the obligations of JSC ROSSETI and its SDCs (organizations) to take measures to prevent and combat corruption, and a system shall be built for the governmental monitoring of the implementation of the anti-corruption policy in the private sector.

Currently, efforts to prevent corruption are based not only on the rule of law, but also on the directives and requirements of authorities and senior government officials, i.e. governing decisions.

For instance, the National Anti-Corruption Plan specifies that it is necessary to implement the previously issued instructions, namely subparagraph “b” of paragraph 6 of the National Strategy for Combating Corruption approved by Decree of the President of the Russian Federation No. 460 of April 13, 2010, “On the National Strategy for Combating Corruption and the National Plan of Combating Corruption for 2010-2011.” The Decree of the President orders organizations to implement the legislative acts and governing decisions on combating corruption and create an environment hindering corrupt behavior and ensuring the reduction of corruption.

In order to form a unified approach to supporting organizations’ efforts to prevent and combat corruption, the Ministry of Labor and Social Protection of the Russian Federation formulated and approved on November 8, 2013, the Recommended Guidelines on Measures Developed and Approved by Organizations

to Prevent and Combat Corruption (hereinafter, the “Recommended Guidelines”). The Recommended Guidelines specify the division responsible for combating corruption shall report directly to an organization’s management, shall be adequately authorized to carry out anti-corruption measures, including with respect to persons holding senior positions in an organization, and shall be supplied with the necessary personnel and technical resources.

The need to form “divisions responsible for *avoiding corruption offenses and other offenses*” in organizations is provided for in paragraph 1 of Part Two of Article 13.3 of the Anti-Corruption Law. The Recommended Guidelines describe the functions of the “divisions responsible for ***combating corruption***”: preventing corruption, including establishing and subsequently eliminating the causes of corruption (avoiding corruption); identifying, preventing, curbing, uncovering, and investigating corruption offenses (fighting corruption); minimizing and/or remedying the consequences of corruption offenses.

In this connection, Article 13.3 of the Anti-Corruption Law states that these are the divisions responsible for combating corruption in relation to ***avoiding corruption offenses***.

In order to better reflect the essence of their functions, these divisions are hereinafter referred to as the “divisions responsible for avoiding corruption offenses and combating corruption.”

The Recommended Guidelines specify that all organizations, irrespective of their form of ownership, their form of incorporation, their sectoral affiliation, or other circumstances, should work to avoid corruption offenses and other offenses and establish a mandatory requirement for developing and approving a uniform document with the same name “Anti-Corruption Policy,” which includes a set of interrelated principles, procedures, and specific measures, and other local regulatory documents and guidance materials aimed at avoiding and combating corruption offenses in an organization’s activities.

The Anti-Corruption Policy includes:

- terms and definitions used in the Anti-Corruption Policy;
- goal, measures, objectives, and principles of the Anti-Corruption Policy;
- scope of application of the Anti-Corruption Policy and the range of persons within its purview;
- providing legal education for employees of JSC ROSSETI and JSC ROSSETI’s SDCs and forming the basis for their law-abiding conduct;
- areas of the Anti-Corruption Policy;
- employee duties related to preventing and combating corruption;
- liability;
- approval, implementation analysis, and revision of the Anti-Corruption Policy.

The improvement and further development of the Anti-Corruption Policy in JSC ROSSETI began in June 2013. In the first phase of its implementation, measures were taken to improve the legal regulation of the Company’s anti-corruption activities, several regulations and orders were formulated in the area of combating corruption. JSC ROSSETI and its SDCs started to operate uniform

mechanisms to verify information on the owner chain of counterparties of JSC ROSSETI and JSC ROSSETI's SDCs, including beneficiaries (including ultimate beneficiaries) and handle personal information when disclosing information on the owner chain of counterparties, anti-corruption standards of procurement and the registration of land and legal relations in the construction (rehabilitation) of power facilities in JSC ROSSETI's SDCs, and a conflict of interest management system.

A number of measures were taken in relation to cooperation with corporate entities and individuals: an online channel of communication with whistleblowers through the corporate website was arranged; the Commission on Corporate Ethics Compliance and Conflict of Interest Resolution of JSC ROSSETI was established; work started on avoiding corruption, providing legal education for the electric grid sector's employees and forming the basis for their law-abiding conduct; and many other anti-corruption procedures were launched.

Extensive legislative changes in the regulation of organizations' anti-corruption activities and organizational and structural changes in the electric grid sector necessitated preparing a uniform strategic document, namely the Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs, which would define measures to prevent and combat corruption, monitor their implementation, comply with the anti-corruption laws of the Russian Federation, and apply international best practices.

All this imposes special obligations in building a uniform, vertically integrated system for the implementation of the Anti-Corruption Policy in the ROSSETI Group, whose controlling shareholder is the government.

This Anti-Corruption Policy reflects the commitment of JSC ROSSETI and JSC ROSSETI's SDCs to high ethical standards of doing business transparently and honestly to improve their corporate culture, applying best practices of corporate governance, and keep the business reputation of electric grid companies at the proper level.

## Terms and Definitions

Article 13.3 of the Anti-Corruption Law	Article 13.3 of Federal Law No. 273-FZ of December 25, 2008, “On Combating Corruption,” obligating an organization to carry out measures to prevent and combat corruption.
Anti-Corruption Clause	The section of agreements, arrangements, and contracts of JSC ROSSETI and JSC ROSSETI’s SDCs, declaring that JSC ROSSETI and JSC ROSSETI’s SDCs pursue the Anti-Corruption Policy and preventing corruption offenses or other offenses.
Anti-Corruption Policy	The uniform basic document containing a set of interrelated principles, procedures, and specific measures aimed at avoiding and combating corruption in JSC ROSSETI and JSC ROSSETI’s SDCs.
Anti-Corruption Obligations	Consent given by a participant in the procurement procedures of JSC ROSSETI and JSC ROSSETI’s SDCs to compliance with and the implementation of the principles and requirements of the Anti-Corruption Policy, including the obligation not to commit any corruption offenses or other offenses and the obligation to provide complete and reliable information on the owner chain, including beneficiaries (including ultimate beneficiaries), and on the members of executive bodies, with supporting documents attached.
Anti-corruption monitoring	The monitoring of measures carried out by JSC ROSSETI and JSC ROSSETI’s SDCs to prevent and combat corruption with the aim of ensuring the assessment of the effectiveness of such measures and the assessment and prediction of corruption factors and signals, analyzing and evaluating observation data, and forecasting the future status and development trends of the relevant measures.
Civil Code	The Civil Code of the Russian Federation.
Bribery (Article 291 of the Criminal Code of the Russian Federation)	Giving a bribe to an official, a foreign official, or an official of a public international organization, directly or indirectly. A foreign official means any appointed or elected person holding any office in legislative, executive, administrative, or judicial authorities of a foreign country, and any person performing any public function for a foreign country, including for a public agency or a public enterprise; an official of a public international

	organization means an international civil servant or any person who is authorized by such organization to act on its behalf.
Department for combating corruption and compliance control	The division responsible for avoiding corruption offenses, combating corruption, and implementing the principles and requirements of the Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs.
SDCs	Subsidiaries and dependent companies.
Personal Information Protection Law	Federal Law No. 152-FZ of July 27, 2006, "On Personal Information."
Abuse of power (Article 201 of the Criminal Code of the Russian Federation)	The use by persons performing managerial functions in for-profit or other organizations of their powers contrary to the legitimate interests of such organization in order to gain benefits and advantages for themselves or other persons or do harm to other persons if any such act causes material damage to the rights and legitimate interests of individuals or organizations or to the legally protected interests of society or the government.
Foreign public officials and officials of public international organizations	Persons who have been assigned or were assigned (it has been less than 1 year since they resigned) the performance of important public functions, namely: heads of state (including the ruling royal dynasties) or heads of government, ministers and their deputies and assistants, senior government officials, officials of judicial authorities of last resort (Supreme Court, Constitutional Court) whose rulings are not be subject to appeal, public prosecutors and their deputies, senior military officials, heads and members of the Boards of Directors of National Banks, ambassadors, heads of government-owned corporations, members of parliament or any other legislature. Persons who are vested with public confidence, specifically: heads and deputy heads of international organizations (UN, OECD, OPEC, IOC, World Bank, etc.), Members of the European Parliament, and heads and members of international judicial institutions (European Court of Human Rights, Hague Tribunal, etc.).
Code of Administrative Offences	The Code of Administrative Offences of the Russian Federation.

Commercial bribery (Article 204 of the Criminal Code of the Russian Federation)	The illegal giving of money, securities, or other property to persons performing managerial functions in for-profit or other organizations, the provision of property-related services, or the granting of other property rights in order that they act (or refrain from acting) in relation to the performance of their official duties in the interests of givers. The illegal acceptance by persons performing managerial functions in for-profit or other organizations money, securities, or other property or the illegal use of property-related services or other property rights in order that they act (or refrain from acting) in relation to the performance of their official duties in the interests of givers.
Compliance	Compliance by an organization with the requirements imposed by Russian and foreign laws, corporate local regulations, and other binding regulatory documents.
Counterparty	Any Russian or foreign corporate entity or individual with which an organization enters into a contractual relationship with the establishment of various scopes of rights and obligations (except for employment relations) without the intention of attaining a common goal.
Conflict of interest	A situation where the personal interest (direct or indirect) of an employee of JSC ROSSETI, including JSC ROSSETI's SDCs, affects or may affect the proper performance of his or her employment (official) duties and where there is or may be a conflict between the personal interest of an employee of JSC ROSSETI or JSC ROSSETI's SDCs and the rights and legitimate interests of JSC ROSSETI and JSC ROSSETI's SDCs, which may be detrimental to the interests of JSC ROSSETI and JSC ROSSETI's SDCs.
Corruption offense	A wrongful guilty act (action or omission to act) of suspected corruption for which the law establishes disciplinary, criminal, civil, or administrative liability.
Corruption (in for-profit organizations)	Bribery, abuse of power, commercial bribery, or any other illegal use by employees of their positions contrary to the legitimate interests of JSC ROSSETI and JSC ROSSETI's SDCs in order to gain an advantage in the form of money, valuables, other property or property-related services, or other property rights for themselves or for any other persons or the illegal giving of such advantage to such persons by other individuals,

	and the performance of such acts on behalf or in the interests of a corporate entity.
Personal advantage	The interest of an employee of JSC ROSSETI or JSC ROSSETI's SDCs and his or her close relatives, spouse, adoptive parents, or adopted children in gaining non-pecuniary benefits and other non-pecuniary advantages. No promotion or commendation shall be deemed to be a personal advantage.
Pecuniary advantage	An economic benefit in cash or in kind that can be valued and deemed to be income in accordance with the tax laws of the Russian Federation.
Recommended Guidelines	The Recommended Guidelines on Measures Developed and Approved by Organizations to Prevent and Combat Corruption formulated by the Ministry of Labor and Social Protection of the Russian Federation and approved on November 8, 2013 (as amended on April 16, 2014).
National Anti-Corruption Plan for 2014–2015	The National Plan of Combating Corruption for 2014–2015 approved by Decree of the President of the Russian Federation No. 266 of April 11, 2014.
Illegal gratification on behalf of a corporate entity (Article 19.28 of the Code of Administrative Offences)	The illegal giving, offering, or promise of money, securities, or other property on behalf or in the interests of corporate entities to officials, persons performing managerial functions in for-profit or other organizations, foreign officials, or officials of public international organizations, the provision of property-related services, or the granting of other property rights in order that officials, persons performing managerial functions in for-profit or other organizations, foreign officials, or officials of public international organizations act (or refrain from acting) in relation to the performance of their official duties in the interests of such corporate entities.
Illegal employment of a public or municipal servant and a former public or municipal servant or their illegal involvement in the performance of work or the provision of services (Article 19.29 of the Code of Administrative Offences)	The hiring by JSC ROSSETI and JSC ROSSETI's SDCs of a public or municipal servant holding any office included on the list provided for in legal regulations and a former public or municipal servant holding such office under an employment contract or their illegal involvement in the performance of work or the provision of services under a civil contract in violation of the requirements set forth in the Anti-Corruption Law.



JSC ROSSETI and ROSSETI's SDCs	JSC	Joint Stock Company ROSSETI and its subsidiaries and dependent companies.
Organization		A corporate entity, irrespective of its form of ownership, its form of incorporation, and its sectoral affiliation.
Partner		Any Russian or foreign corporate entity or individual with which an organization enters into a contractual relationship with the intention of attaining a common goal.
Intermediation in bribery (Article 291.1 of the Criminal Code of the Russian Federation)		The direct giving of a bribe on behalf of a bribe giver or taker or any other assistance rendered to a bribe giver and/or taker in reaching or fulfilling an agreement between them to accept and give a bribe in a considerable amount. The promise or offering of intermediation in bribery.
Pre-conflict of interest		A situation where employees of JSC ROSSETI and JSC ROSSETI's SDCs or employees of the Customer/Procurement Organizer or its representatives, in the performance of their official or professional activities, have personal interests that may lead to a conflict of interest.
Preventing corruption		Measures carried out by an organization in relation to introducing the elements of corporate culture, organizational structure, and rules and procedures regulated by internal local documents in order to ensure the prevention of corruption offenses.
Combating corruption		Measures carried out by an organization within its authority (paragraph 2 of Article 13.3 of the Anti-Corruption Law) in relation to: a) preventing corruption, including establishing and subsequently eliminating the causes of corruption (avoiding corruption); b) identifying, preventing, curbing, uncovering, and investigating corruption offenses (fighting corruption); c) minimizing and/or remedying the consequences of corruption offenses.
Avoiding corruption		Measures carried out by an organization in relation to establishing and subsequently eliminating the causes of corruption.
Strategy for Development of the Electric Grid Sector		The Strategy for Development of the Electric Grid Sector of the Russian Federation approved by Ordinance of the Government of the Russian Federation No. 511-r of April 3, 2013.
Labor Code		The Labor Code of the Russian Federation.

Governing decisions	Directives and requirements issued by authorities and senior government officials to govern efforts to prevent corruption (instructions, explanations, meeting minutes, etc.).
Procurement participant	Any corporate entity or several corporate entities acting on the side of a procurement participant, irrespective of their form of incorporation and their form of ownership, or any individual or several individuals acting on the side of a procurement participant, including an individual entrepreneur or several individual entrepreneurs acting on the side of a procurement participant, that meet the requirements established by the customer in accordance with the procurement regulations.

## **1. General**

### **1.1. Legal framework for the Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs**

This Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs (hereinafter, the "Anti-Corruption Policy") is the uniform basic document containing a set of interrelated principles, procedures, and specific measures aimed at preventing and combating corruption in JSC ROSSETI (hereinafter, the "Company") and JSC ROSSETI's SDCs, which have carried out the requisite corporate procedures to approve this Anti-Corruption Policy as an internal document.

The Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs is formulated in accordance with:

1. International legal standards:
  - United Nations Convention against Corruption adopted by the UN General Assembly at 51st plenary meeting on October 31, 2003 (Federal Law No. 40-FZ of March 8, 2006, "On the Ratification of the United Nations Convention against Corruption");
  - Criminal Law Convention on Corruption signed at Strasbourg on January 27, 1999 (Federal Law No. 125-FZ of July 25, 2006, "On the Ratification of the Criminal Law Convention on Corruption");
  - Convention on Combating Bribery of Foreign Public Officials in International Business Transactions adopted by the OECD Negotiating Conference on November 21, 1997 (Federal Law No. 3-FZ of February 1, 2012, "On Accession by the Russian Federation to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions");
  - Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions issued by the OECD Working Group on Bribery on November 26, 2009;
  - Good Practice Guidance on Internal Controls, Ethics, and Compliance issued by the OECD Working Group on Bribery on February 18, 2010 (as an integral part of the Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions);
  - other international legal standards on preventing and combating corruption.
2. Legal regulations of the Russian Federation:
  - Constitution of the Russian Federation of December 12, 1993;
  - Federal Law No. 273-FZ of December 25, 2008, "On Combating Corruption";
  - Federal Law No. 224-FZ of July 27, 2010, "On Combating Insider Information Misuse and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation";
  - National Strategy for Combating Corruption and the National Anti-Corruption Plan for 2010–2011 approved by Decree of the President of the Russian Federation No. 460 of April 13, 2010;
  - National Anti-Corruption Plan for 2012–2013 approved by Decree of the

President of the Russian Federation No. 297 of March 13, 2012;

- National Anti-Corruption Plan for 2014–2015 approved by Decree of the President of the Russian Federation No. 226 of April 11, 2014;

- Decree of the President of the Russian Federation No. 309 of April 2, 2013, “On Measures to Implement Certain Provisions of the Federal Law ‘On Combating Corruption’”;

- Decree of the President of the Russian Federation No. 613 of July 8, 2013, “Issues of Combating Corruption”;

- Procedure for Publishing Information on Income, Expense, Property, and Property Obligations of Specific Categories of Persons and Their Family Members on the Official Websites of Federal Governmental Authorities, Governmental Authorities of constituent entities of the Russian Federation, and Organizations and for Providing Such Information for Publication by the Nationwide Mass Media;

- Resolution of the Government of the Russian Federation No. 613 of July 22, 2013, “On the Submission of Information on Income, Expense, Property, and Property Obligations by Candidates for Filling Positions in Organizations Established to Accomplish Goals Set for the Government of the Russian Federation and by Employees Filling Positions in Such Organizations and on the Verification of the Reliability and Completeness of Such Information and Compliance by Employees with the Requirements for Official Conduct” (as amended on August 6, 2014);

- Resolution of the Government of the Russian Federation No. 10 of January 9, 2014, “On the Procedure for the Disclosure by Specific Categories of Persons of Information on Gifts Received in Connection with Their Official Capacity or Their Performance of Official Duties (Functions), the Transfer and Valuation of Gifts, the Sale (Purchase) of Gifts, and the Crediting of the Proceeds from Their Sale”;

- Resolution of the Government of the Russian Federation No. 568 of July 5, 2013, “On the Application of Restrictions, Bans, and Obligations Specified in the Federal Law ‘On Combating Corruption’ and Other Federal Laws to Specific Categories of Individuals for the Purposes of Combating Corruption”;

- Strategy for Development of the Electric Grid Sector of the Russian Federation approved by Ordinance of the Government of the Russian Federation No. 511-r of April 3, 2013;

- other legal regulations on preventing and combating corruption.

3. Governing decisions of Russian governmental authorities:

- Minutes of the Meeting of the Presidential Commission for Strategic Development of the Fuel and Energy Sector and Environmental Security of the Russian Federation No. A-60-26-8 of July 10, 2013;

- Instructions of the Government of the Russian Federation No. VP-P13-9308 of December 28, 2011, and No. VP-P24-1269 of March 5, 2012, to disclose the ownership structure of counterparties, submit information on income, property, and property obligations of senior managers, and prevent and identify conflicts of interest and other abuse of authority in JSC ROSSETI and JSC ROSSETI’s SDCs;

- Instructions of the Government of the Russian Federation No. DM-P17-3229 of May 5, 2014, to implement Decree of the President of the Russian

Federation No. 226 of April 11, 2014, “On the National Plan of Combating Corruption for 2014–2015”;

– Instructions of the Government of the Russian Federation No. RD-P17-7398 of October 1, 2014, to cause legal regulations to be developed and approved by the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund, government-owned corporations (companies), organizations established pursuant to federal laws, and other organizations included on the list of organizations established to accomplish goals set for the Government of the Russian Federation;

– other governing decisions.

4. Recommended Guidelines on Measures Developed and Approved by Organizations to Prevent and Combat Corruption formulated by the Ministry of Labor and Social Protection of the Russian Federation and approved on November 8, 2013 (as amended on April 16, 2014), which officially interpret Article 13.3 of Federal Law No. 273-FZ of December 25, 2008, “On Combating Corruption.”

5. Anti-Corruption Charter of the Russian Business approved by the Chamber of Commerce and Industry of the Russian Federation, the Russian Union of Industrialists and Entrepreneurs, Business Russia All-Russia Public Organization, and OPORA RUSSIA All-Russian Public Organization of Small and Medium Business on September 21, 2012 (Certificate No. 496 of September 23, 2014).

6. Local regulatory documents of JSC ROSSETI and regulations and orders of JSC ROSSETI:

– Articles of Association of JSC ROSSETI approved by the Annual General Meeting of Shareholders of JSC ROSSETI on June 30, 2014 (the Minutes of July 1, 2014);

– other local regulatory documents, regulations, and orders of JSC ROSSETI.

## 1.2. Goal, measures, objectives, and principles of the Anti-Corruption Policy

1.2.1. The **goal of the Anti-Corruption Policy** is to define a unified approach to compliance with the requirements set forth in Article 13.3 of the Anti-Corruption Law with respect to the obligation of JSC ROSSETI and JSC ROSSETI's SDCs to develop and take measures to prevent and combat corruption: establishing and subsequently eliminating the causes of corruption (avoiding corruption); identifying, preventing, and curbing corruption offenses and other offenses; minimizing and/or remedying the consequences of corruption offenses and other offenses, including those specified in Article 19.28 of the Code of Administrative Offences.

This Anti-Corruption Policy is the basic document of JSC ROSSETI and JSC ROSSETI's SDCs in combating corruption, contains a set of interrelated principles and procedures provided for in Article 13.3 of the Anti-Corruption Law, and specifies measures prescribed by the document that officially interprets Article 13.3 of the Anti-Corruption Law, namely the Recommended Guidelines (Annex 1 – List of Anti-Corruption Measures of JSC ROSSETI and Subsidiaries and Dependent Companies of JSC ROSSETI).

### 1.2.2. Measures to prevent and combat corruption in JSC ROSSETI and JSC ROSSETI's SDCs:

- appoint divisions responsible for avoiding corruption offenses and other offenses;
- cooperate with law enforcement agencies in combating corruption;
- develop and implement standards and procedures aimed at ensuring good faith work;
- approve the corporate code of ethics and business conduct;
- prevent and resolve conflicts of interest;
- prevent the preparation of unofficial reporting and the use of forged documents.

### 1.2.3. Objectives of the Anti-Corruption Policy:

- implement the requirements of Article 13.3 of the Anti-Corruption Law;
- exercise compliance control, including anti-corruption compliance control;
- create an effective legal mechanism for avoiding and combating corruption;
- create an effective practical mechanism for the implementation of measures to avoid and combat corruption (including the approval of an anti-corruption program);
- improve the regulatory and legal framework for combating corruption and interact with governmental authorities whose competence includes the issues of combating corruption;
- prevent corruption offenses and other offenses and ensure liability for corruption offenses and other offenses;

- cause shareholders, partners, counterparties, members of management and control bodies, and employees to have a uniform understanding of the position of JSC ROSSETI and JSC ROSSETI's SDCs on averting corruption in any forms and manifestations;
- minimize the risk that JSC ROSSETI and JSC ROSSETI's SDCs may be involved in corrupt activities;
- form a corporate anti-corruption spirit.

#### **1.2.4. Principles of the Anti-Corruption Policy:**

- the Anti-Corruption Policy shall comply with applicable laws and generally accepted standards;
- the legitimate rights and interests and the business reputation of employees, partners, counterparties, and other persons shall be protected, and proprietary information shall be protected in the implementation of anti-corruption measures;
- management shall lead by personal example in forming an environment of zero tolerance for corruption and building an intracompany system for preventing (avoiding) and combating corruption;
- employees shall be involved in anti-corruption practices: an organization's employees shall be aware of the provisions of anti-corruption laws and shall take an active part in the formulation and implementation of anti-corruption standards and procedures;
- anti-corruption procedures shall be commensurate with the risk of corruption, taking into account corruption risks that affect the activities of JSC ROSSETI and JSC ROSSETI's SDCs;
- anti-corruption procedures shall be effective: anti-corruption measures shall be easy to implement and shall produce significant results;
- liability and unavoidability of punishment shall apply to employees of JSC ROSSETI and JSC ROSSETI's SDCs, irrespective of their positions, length of service, or other conditions, if they commit corruption offenses in relation to their employment duties;
- business shall be done transparently: partners, counterparties, and the public shall be informed of anti-corruption standards of business conduct approved by JSC ROSSETI and JSC ROSSETI's SDCs;
- the effectiveness of implemented anti-corruption standards and procedures shall be subject to continuous control and regular monitoring, and their fulfillment shall be monitored.

#### **1.3. Scope of application of the Anti-Corruption Policy and the range of persons within its purview**

The range of persons covered by the Anti-Corruption Policy is mainly employees of JSC ROSSETI and JSC ROSSETI's SDCs, irrespective of their positions and functions, partners and counterparties of JSC ROSSETI and JSC ROSSETI's SDCs, and other persons by virtue of mutual obligations between them

and JSC ROSSETI and JSC ROSSETI's SDCs, including the Anti-Corruption Obligations and other anti-corruption agreements.

## **2. Providing Legal Education for Employees and Forming the Basis for Their Law-Abiding Conduct**

2.1. JSC ROSSETI and JSC ROSSETI's SDCs carry out awareness-raising activities for employees of JSC ROSSETI and JSC ROSSETI's SDCs in order to avoid corruption:

- create and improve sections about the Anti-Corruption Policy and the Anti-Corruption Charter of the Russian Business on the corporate websites of JSC ROSSETI and JSC ROSSETI's SDCs;
- publish information about efforts to pursue this Anti-Corruption Policy in the corporate newspaper and in all media in the public domain;
- organize anti-corruption measures and social events;
- stimulate employees for reporting confirmed corruption offenses and other offenses in JSC ROSSETI and JSC ROSSETI's SDCs;
- guarantee that none of their employees will suffer in terms of career-development or financial harm if they reject corrupt practices, even if such rejection leads to financial losses for JSC ROSSETI and JSC ROSSETI's SDCs;
- cause employees to be aware of their responsibility by compulsorily signing an agreement for compliance with the principles and requirements of the Anti-Corruption Policy and anti-corruption laws while entering into an employment contract or by compulsorily signing an addendum to an employment contract if employees were hired before the introduction of these requirements;
- declare the need to develop mechanisms for corporate sanctions for committed corruption offenses and other offenses.

2.2. Compliance by employees of JSC ROSSETI and JSC ROSSETI's SDCs with the principles and requirements of the Anti-Corruption Policy is taken into account in establishing the personnel reserve for promotion to higher positions.

## **3. Areas of the Anti-Corruption Policy**

### **3.1. Appointing divisions and officers responsible for avoiding corruption offenses and combating corruption**

The Board of Directors of JSC ROSSETI and the boards of directors of JSC ROSSETI's SDCs, the Director General of JSC ROSSETI and the sole executive bodies of JSC ROSSETI's SDCs, JSC ROSSETI's department for combating (avoiding) corruption and compliance control and the divisions responsible for combating (avoiding) corruption and compliance control in JSC ROSSETI's SDCs ensure compliance with the fundamental principles, objectives and requirements, and implementation of the areas of this Anti-Corruption Policy in JSC ROSSETI



and JSC ROSSETI's SDCs and control the effective implementation of the Anti-Corruption Policy.

3.1.1. The Board of Directors of JSC ROSSETI and the boards of directors of JSC ROSSETI's SDCs:

- determine the key strategic areas of the Anti-Corruption Policy;
- approve an internal document of the Company (SDCs), namely the Anti-Corruption Policy;
- approve amendments and supplements to the Anti-Corruption Policy (SDCs);
- monitor the overall results of the implementation and application of the Anti-Corruption Policy.

3.1.2. The Director General of JSC ROSSETI and the sole executive bodies of JSC ROSSETI's SDCs:

- are responsible for the organization of all measures aimed at implementing the principles and requirements of the Anti-Corruption Policy, including appointing the persons responsible for the development of anti-corruption procedures and their introduction and monitoring;
- ensure that a report on compliance with this Anti-Corruption Policy is submitted for consideration by the Board of Directors of JSC ROSSETI and the boards of directors of JSC ROSSETI's SDCs.

3.1.3. JSC ROSSETI's department for combating (avoiding) corruption and compliance control is the Company's division responsible for avoiding corruption offenses and combating corruption (Article 13.3 of the Anti-Corruption Law), reports directly to the Director General of JSC ROSSETI, is adequately authorized to carry out anti-corruption measures, including with respect to persons holding senior positions in JSC ROSSETI, and is supplied with the necessary personnel and technical resources.

As part of accomplishing one of the goals contained in Article 3 of the Company's Articles of Association, JSC ROSSETI's department for combating (avoiding) corruption and compliance control shall be the center to coordinate and supervise the activities of JSC ROSSETI's SDCs in the area of preventing and combating corruption.

3.1.4. The departments for combating (avoiding) corruption and compliance control of JSC ROSSETI's SDCs are JSC ROSSETI's SDCs' divisions responsible for avoiding corruption offenses and combating corruption (Article 13.3 of the Anti-Corruption Law), report directly the sole executive bodies of JSC ROSSETI's SDCs, are adequately authorized to carry out anti-corruption measures, including with respect to persons holding senior positions in JSC ROSSETI's SDCs, and are supplied with the necessary personnel and technical resources.

3.1.5. The department for combating (avoiding) corruption and compliance control and JSC ROSSETI's SDCs' divisions for combating (avoiding) corruption and compliance control:

- carry out measures aimed at implementing the principles and requirements of the Anti-Corruption Policy;
- formulate an anti-corruption program;

- conduct compliance control procedures with respect to the activities of JSC ROSSETI and JSC ROSSETI's SDCs;
- conduct monitoring activities aimed at identifying corruption offenses and other offenses;
- organize the assessment of corruption risks;
- consider reports on enticing employees into corruption offenses and other offenses in the interests or on behalf of any other organization and on possible corruption offenses and other offenses committed by employees, partners, counterparties of JSC ROSSETI and JSC ROSSETI's SDCs or other persons;
- organize the completion and consideration of conflict of interest declarations;
- organize training sessions on avoiding and combating corruption and individual advice for employees;
- assist the authorized representatives of supervisory and law enforcement agencies in their inspections of activities of JSC ROSSETI and JSC ROSSETI's SDCs with respect to preventing and combating corruption;
- assist the authorized representatives of law enforcement agencies in their activities in relation to curbing or investigating corruption crimes, including investigative measures;
- evaluate the results of anti-corruption work and prepare reports thereon for an organization's management;
- carry out measures to prevent and combat corruption offenses and other offenses and conflicts of interest;
- develop anti-corruption standards and provide guidance on the implementation of measures to combat and avoid corruption and provide legal education for employees;
- coordinate the activities of divisions in the implementation of the Anti-Corruption Policy;
- participate in Russian- and international-level summits, workshops, seminars, and conferences on combating and avoiding corruption;
- interact with governmental authorities and local government authorities, scientific and educational organizations and institutions in the area of combating and avoiding corruption;
- organize and carry out the monitoring of Russian and applicable foreign and international anti-corruption legislation and track changes thereto, as well as the relevant court practices;
- conduct scheduled and unscheduled inspections of compliance with the principles of the Anti-Corruption Policy and prepare reports on the results of such inspections;
- develop documents on combating and avoiding corruption and initiate the updating of documents due to changes to Russian anti-corruption legislation.

3.1.6. JSC ROSSETI's SDCs assist JSC ROSSETI in the implementation of measures to prevent and combat corruption.

3.1.7. The Central Commission on Corporate Ethics Compliance and Conflict of Interest Resolution is JSC ROSSETI's collegial body that shall:

- consider the issues related to resolving pre-conflicts/conflicts of interest in JSC ROSSETI subject to the provisions of the Anti-Corruption Policy, the Code of Corporate Ethics, and the Corporate Governance Code;

- be superior to the commissions on corporate ethics compliance and conflict of interest resolution of JSC ROSSETI's SDCs and consider the issues submitted by the commissions on corporate ethics compliance and conflict of interest resolution of JSC ROSSETI's SDCs.

3.1.8. The commissions on corporate ethics compliance and conflict of interest resolution are JSC ROSSETI's SDCs' collegial bodies that shall consider the issues related to resolving pre-conflicts/conflicts of interest in JSC ROSSETI's SDCs subject to the provisions of the Anti-Corruption Policy and the codes of corporate ethics and the corporate governance codes of JSC ROSSETI's SDCs.

### **3.2. Assessing corruption risks**

3.2.1. Corruption risks are assessed to identify the specific business processes and business operations in the activities of JSC ROSSETI and JSC ROSSETI's SDCs with the highest probability of corruption offenses committed by employees both for a personal advantage and for the benefit of JSC ROSSETI and JSC ROSSETI's SDCs.

3.2.2. Corruption risks are assessed both in the phase of formulating the Anti-Corruption Policy and, on a regular basis, upon its approval.

3.2.3. Corruption risks are assessed in accordance with the following procedure:

- presenting the activities of JSC ROSSETI and JSC ROSSETI's SDCs as separate business processes;
- identifying bottlenecks and positions: for each business process, the elements (subprocesses) are identified with the highest probability of corruption offenses and other offenses;
- describing possible corruption offenses: the benefits or advantages that can be gained due to a corruption offense and the possible methods of corrupt payments are described;
- preparing the corruption risk map of JSC ROSSETI and JSC ROSSETI's SDCs;
- making the list of positions exposed to high corruption risks;
- establishing special anti-corruption procedures and requirements, including the regular completion of conflict of interest declarations;
- developing a package of measures to eliminate and minimize corruption risks.

### **3.3. Identifying and resolving conflicts of interest**

With the aim of limiting the influence of private interests and the personal interest of employees on their employment functions and business decisions, JSC ROSSETI and JSC ROSSETI's SDCs take measures to identify, prevent, and

resolve conflicts of interest by:

3.3.1. Developing and approving internal documents that set forth the procedure for identifying and resolving pre-conflicts/conflicts of interest arising among employees of JSC ROSSETI and JSC ROSSETI's SDCs in the course of their employment duties.

3.3.2. Informing all employees about the approval of such documents and the mandatory fulfillment of the requirements contained therein.

3.3.3. Adhering to the following principles in conflict of interest management: – any actual real or potential conflict of interest shall be mandatorily disclosed;

- reputational risks shall be individually considered, assessed, and resolved in the case of each detected conflict of interest;

- the process of disclosing a conflict of interest and its resolution process shall be confidential;

- the interests of JSC ROSSETI and JSC ROSSETI's SDCs and their employees shall be balanced in the resolution of conflicts of interest;

- employees shall be protected from harassment in connection with reporting conflicts of interest.

3.3.4. Prescribing the following obligations for employees of JSC ROSSETI and JSC ROSSETI's SDCs:

- when making business decisions and performing their employment functions, they shall act for the benefit of JSC ROSSETI and JSC ROSSETI's SDCs;

- they shall avoid situations and circumstances that may lead to a conflict of interest;

- they shall disclose existing (actual) or potential conflicts of interest, including reporting the occurrence of conflicts of interest and completing conflict of interest declarations;

- they shall render assistance in the resolution of conflicts of interest.

3.3.5. Specifying different types of conflict of interest disclosure: at the time of being hired, at the time of being appointed to a new position, as a conflict of interest occurs, during the annual certification for compliance with ethical standards of business conduct.

3.3.6. Ensuring that a certain group of persons mandatorily complete conflict of interest declarations.

3.3.7. Appointing the persons responsible for receiving information about the occurrence of conflicts of interest.

3.3.8. Imposing a ban on entering into contracts with the persons that are found to have conflicts of interest, affiliation, and other abuses.

3.3.9. Specifying the methods for resolving conflicts of interest.

3.3.10. Determining typical pre-conflicts/conflicts of interest.

3.3.11. Supporting the work of the commissions on corporate ethics compliance and conflict of interest resolution (paragraphs 3.1.7 and 3.1.8 of the Anti-Corruption Policy).

### **3.4. Developing and implementing standards and procedures aimed at ensuring good faith work**

JSC ROSSETI and JSC ROSSETI's SDCs ensure that anti-corruption standards of employee conduct are introduced into the corporate culture of JSC ROSSETI and JSC ROSSETI's SDCs by:

3.4.1. Developing and approving the corporate codes of ethics and business conduct of JSC ROSSETI and JSC ROSSETI's SDCs, defining:

- the common values and principles shared by JSC ROSSETI and JSC ROSSETI's SDCs;
- the specific rules and standards of employee conduct having an effect on the overall business ethics and aimed at forming employees' ethical and conscientious behavior.

3.4.2. Verifying information on income, expense, property, and property obligations with respect to candidates for filling positions and employees filling positions in JSC ROSSETI and JSC ROSSETI's SDCs and their close relatives in order to identify conflicts of interest, affiliation, and other abuses.

3.4.3. Adhering to the principles of fairness and objectivity in the formation of personnel (including executives):

- employees shall be assigned or promoted to higher positions only on the basis of their business skills;
- relatives shall not be employed if they are in a direct line of subordination in relation to each other;
- employees shall be obligated to provide the information specified in paragraph 3.4.2 of the Anti-Corruption Policy.

3.4.4. Recognizing the exchange of gifts with business partners as an integral part of business ethics if such actions are overt and consistent with the applicable laws of the Russian Federation and local regulatory documents of JSC ROSSETI and JSC ROSSETI's SDCs.

3.4.5. Obligating employees of JSC ROSSETI and JSC ROSSETI's SDCs to report the receipt of any gift worth more than three thousand rubles in connection with their official positions or in connection with their performance of the employment (official) duties of their immediate supervisors.

3.4.6. Carrying out charity and sponsorship activities independently or through their employees on the principle of transparency without the intention of gaining or retaining any advantage in the business activities of JSC ROSSETI and JSC ROSSETI's SDCs.

3.4.7. Taking measures to combat insider information misuse and market manipulation in the JSC ROSSETI and JSC ROSSETI's SDCs.

### **3.5. Studying and acting on information about possible corruption**

3.5.1. JSC ROSSETI and JSC ROSSETI's SDCs receive information from employees of JSC ROSSETI/JSC ROSSETI's SDCs, partners, counterparties, and other persons (whether individuals or corporate entities) about possible corruption

by using an online channel of communication with whistleblowers, a hotline, mail, and personal meetings.

3.5.2. JSC ROSSETI/JSC ROSSETI's SDCs are committed to developing a package of effective measures to verify information on possible corruption and, if any such information is found to be true, eliminate (minimize) the consequences and causes of corruption.

### **3.6. Providing advice and training for an organization's employees**

JSC ROSSETI and JSC ROSSETI's SDCs provide training for employees in various manners in avoiding and combating corruption by:

3.6.1. Conducting educational activities (briefings, workshops, seminars, surveys, and tests for employees of JSC ROSSETI and JSC ROSSETI's SDCs) and clarifying:

- the notion of corruption in the public and private sectors; - liability for corruption offenses;
- the corruption prevention requirements of laws and internal documents of JSC ROSSETI and JSC ROSSETI's SDCs and their application;
- the procedure for identifying and resolving conflicts of interest in the performance of employees' employment duties;
- how to behave in corruption risk situations, specifically if bribes are extorted by officials of governmental and municipal organizations;
- the procedure for interacting with law enforcement agencies on the issues of avoiding and combating corruption.

3.6.2. Providing confidential individual advice for employees on preventing and combating corruption.

### **3.7. Conducting internal control and audit procedures**

In order to ensure the reliability and accuracy of financial (accounting) statements, ensure compliance with the requirements set forth in legal regulations and local regulatory documents, and avoid and detect corruption offenses, JSC ROSSETI and JSC ROSSETI's SDCs shall:

3.7.1. Conduct internal control procedures with respect to business operations and carry out financial control procedures, including in relation to preventing the creation of unofficial (double) reporting, the absence of primary accounting documents, unrecorded or inadequately recorded transactions, accounting for nonexistent expenses, the recognition of liabilities with incorrectly identified subjects, the use of forged documents, the intentional destruction of documents and statements earlier than provided for in law.

3.7.2. Conduct internal audit procedures.

3.7.3. Engage independent external auditors and require that they report any signs of corruption found by audits.

3.7.4. Take into account the requirements of the Anti-Corruption Policy while conducting internal control and audit procedures:

- verification of compliance with the organizational procedures and rules of conduct that are significant in the context of work on avoiding and preventing corruption;

- verification of the economic feasibility of operations in corruption risk areas in relation to business gifts, official entertainment expenses, charitable donations, and fees payable to agents, advisers, intermediaries, and external consultants and compliance with the fee payment procedure provided for in law.

3.7.5. Carry out anti-money laundering measures.

### **3.8. Carrying out measures to combat and avoid corruption in cooperation with partners and counterparties**

JSC ROSSETI and JSC ROSSETI's SDCs focus their efforts on establishing and maintaining business relations with the partners and counterparties that:

- support the Anti-Corruption Policy;
- promote business relations in good faith and in a fair manner;
- care about their reputation;
- demonstrate support for high ethical standards;
- implement their own measures to combat corruption;
- participate in collective anti-corruption initiatives.

3.8.1. JSC ROSSETI and JSC ROSSETI's SDCs inform partners and counterparties about the programs, standards of conduct, procedures, and regulations aimed at avoiding and combating corruption.

3.8.2. JSC ROSSETI and JSC ROSSETI's SDCs inform partners and counterparties about accession to the Anti-Corruption Charter of the Russian Business and about JSC ROSSETI's inclusion on the Register of Reliable Partners (application for inclusion on the Register of Reliable Partners No. OB-3100 of October 7, 2014).

3.8.3. JSC ROSSETI and JSC ROSSETI's SDCs fulfill the requirements of the Uniform Anti-Corruption Standard in anti-corruption control of their procurement activities.

The Uniform Anti-Corruption Standard includes examining procurement documents and procurement participants/counterparties in order to assess their due diligence and good faith, resolving conflicts of interest, and ruling out affiliation and other abuses associated with positions held in JSC ROSSETI and its SDCs.

3.8.4. As part of examining procurement documents, control consists of 3 stages: preliminary control: examining the Annual Comprehensive Procurement Program; routine control: examining analytical and explanatory notes that support the feasibility of a planned transaction; follow-up control: examining explanatory notes justify supplementary agreements and considering complaints and appeals from counterparties and other individuals and corporate entities about possible corruption.

3.8.5. As part of examining procurement participants/counterparties and assessing their due diligence and good faith, work is done on discovering the ownership structure of counterparties, including beneficiaries (including ultimate

beneficiaries), and the members of executive bodies; on verifying their reputation and the duration of their operations in the market, involvement in corruption scandals, etc.; on resolving conflicts of interest and ruling out affiliation and other abuses associated with positions held in JSC ROSSETI and its SDCs.

The following requirements are applicable to procurement participants/counterparties as part of such examination:

- they shall sign the Anti-Corruption Obligations, namely consent given by a participant in the procurement procedures of JSC ROSSETI and JSC ROSSETI's SDCs to compliance with and the implementation of the principles and requirements of the Anti-Corruption Policy, including the obligation not to commit any corruption offenses or other offenses and the obligation to provide complete and reliable information on the owner chain, including beneficiaries (including ultimate beneficiaries), and on the members of executive bodies, with supporting documents attached;

- they shall provide a statement of conflicts of interest and/or affiliation with employees of JSC ROSSETI and JSC ROSSETI's SDCs;

- they shall provide information on the entire owner chain, including beneficiaries (including ultimate beneficiaries), and on the members of executive bodies;

- they shall give consent to the processing of personal information;

- they shall sign the Anti-Corruption Clause, declaring that JSC ROSSETI and JSC ROSSETI's SDCs pursue the Anti-Corruption Policy and preventing corruption offenses or other offenses.

3.8.6. The requirements set forth in the Uniform Anti-Corruption Standard are binding upon all procurement participants and are an integral part of the procurement documents approved by local regulations that governing the procurement activities of JSC ROSSETI and JSC ROSSETI's SDCs.

3.8.7. At the stage of performing a contract, control applies to compliance with the Anti-Corruption Clause and changes in the owner chain of counterparties; in the event of noncompliance with these requirements, a contract shall be terminated in accordance with the procedure prescribed by JSC ROSSETI and JSC ROSSETI's SDCs.

3.8.8. JSC ROSSETI and JSC ROSSETI's SDCs refuse to encourage employees of counterparties in any way whatsoever, including by giving any money or gifts or performing any compensation-free work (services) for them or in any other manner not specified herein, to cause employees of counterparties to be dependent to some extent and ensure that such employees do any acts in favor of JSC ROSSETI and JSC ROSSETI's SDCs.

### **3.9. Combating bribery of foreign public officials and officials of public international organizations**

3.9.1. JSC ROSSETI carries out measures to combat bribery of foreign public officials or officials of public international organizations in accordance with international standards, legal regulations of the Russian Federation, and Section 12



of the Anti-Corruption Charter of the Russian Business.

3.9.2. Bribery of foreign public officials and officials of public international organizations is the intentional offering, promise, or giving, to a foreign public official by any person, directly or indirectly, of any undue property-related or any other advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties, in order to obtain or retain business or other undue advantage in relation to the conduct of international business; complicity in, including incitement, aiding and abetting, or authorization of an act of bribery of a foreign public official; attempt and conspiracy to bribe a foreign public official (Article 16 of the United Nations Convention against Corruption; Articles 1, 2, 4, 5, 6, and 9 of the Criminal Law Convention on Corruption; Article 1 of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and Section 12 of the Anti-Corruption Charter of the Russian Business).

3.9.3. Russian legislation provides for criminal liability applicable to individuals for bribery of foreign public officials and officials of public international organizations: Article 291 of the Criminal Code of the Russian Federation (Bribery) and Article 291.1 of the Criminal Code of the Russian Federation (Intermediation in Bribery; Promise or Offering of Intermediation in Bribery).

3.9.4. In accordance with paragraph 2 of Article 3 of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, criminal responsibility is applicable to legal persons for bribery of foreign public officials. In the event that, under the legal system of a country, criminal responsibility is not applicable to legal persons, legal persons may be subject to other sanctions, including monetary sanctions.

3.9.5. Russian legislation provides for administrative liability applicable to corporate entities for bribery of foreign public officials and officials of public international organizations: Article 19.28 of the Code of Administrative Offences (Illegal Gratification on Behalf of a Corporate Entity).

3.9.6. JSC ROSSETI and JSC ROSSETI's SDCs take the following measures to combat bribery of foreign public officials or officials of public international organizations:

- inform the Investigative Committee of the Russian Federation of bribery of officials;
- in their activities outside the Russian Federation, if necessary, seek advice and support from diplomatic and trade missions of the Russian Federation abroad;
- supervise compliance by employees of JSC ROSSETI and JSC ROSSETI's SDCs with the requirement that they refrain from the promise, offering, or giving, to a foreign public official or an official of a public international organization, directly or indirectly, of any undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties, in order to obtain or retain business or other undue advantage;
- keep records of foreign public officials and officials of public international organizations with whom JSC ROSSETI and JSC ROSSETI's SDCs interact on a

contractual and non-contractual basis and keep records of employees of JSC ROSSETI and JSC ROSSETI's SDCs who are involved in such interaction;

- ensure the functioning of internal control and audit mechanisms in relation to anti-corruption regulation;

- report to law enforcement agencies any detected bribery of foreign public officials and officials of public international organizations and subsequently interact with law enforcement agencies (paragraph 3.11 of the Anti-Corruption Policy);

- publish information on measures taken by JSC ROSSETI and JSC ROSSETI's SDCs to prevent bribery of foreign public officials and officials of public international organizations in annual social reports (paragraph 1.4 of the Anti-Corruption Policy);

- interact with governmental authorities and law enforcement agencies (paragraphs 3.10 and 3.11 of the Anti-Corruption Policy) and international and other organizations in order to develop and improve measures to combat bribery of foreign public officials and officials of public international organizations in JSC ROSSETI and JSC ROSSETI's SDCs;

- monitor the effectiveness of measures taken to combat bribery of foreign public officials and officials of public international organizations (paragraph 7 of the Anti-Corruption Policy).

### **3.10. Interacting with governmental supervisory authorities**

JSC ROSSETI and JSC ROSSETI's SDCs pay special attention to interaction between employees and public servants due to high corruption risks by:

3.10.1. Obligating employees of JSC ROSSETI and JSC ROSSETI's SDCs to refrain from any offering that, if accepted, may expose a public servant to a conflict of interest.

3.10.2. Taking measures to prevent JSC ROSSETI and JSC ROSSETI's SDCs from being held administratively liable under Article 19.28 of the Code of Administrative Offences, including imposing a ban on:

- the giving, offering, or promise, on behalf and in the interests of JSC ROSSETI and JSC ROSSETI's SDCs, of money, securities, or other property to any public or civil servant, the provision of property-related services, or the granting of property rights in order that public or civil servant act (or refrain from acting) in relation to the performance of his or her official duties;

- the offering or attempted giving of any gifts (including those worth less than three thousand rubles) to inspecting public and civil servants.

3.10.3. Prescribing the procedure for reporting to law enforcement agencies any violation of the requirements applicable to the official conduct of public and civil servants in the performance of supervisory activities in JSC ROSSETI and JSC ROSSETI's SDCs and specifying the pre-trial procedure for appealing against their actions.

### **3.11. Cooperating with law enforcement agencies in combating corruption**

Cooperation with law enforcement agencies is an important indicator of the actual commitment of JSC ROSSETI and JSC ROSSETI's SDCs to the declared anti-corruption standards of conduct.

3.11.1. JSC ROSSETI and JSC ROSSETI's SDCs assume the public obligation to:

- report to the relevant law enforcement agencies any corruption offenses and other offenses than become known to JSC ROSSETI and JSC ROSSETI's SDCs;
- refrain from any sanctions against their employees who provide law enforcement agencies with information that becomes known to them in the course of performing their employment (official) duties about the preparation or perpetration of corruption offenses and other offenses;
- prevent any undue interference of employees of JSC ROSSETI and JSC ROSSETI's SDCs in law enforcement agencies' activities in carrying out anti-corruption measures.

3.11.2. JSC ROSSETI and JSC ROSSETI's SDCs provide support for law enforcement agencies in detecting and investigating corruption, take the necessary measures to preserve and deliver to law enforcement agencies any documents and information on corruption offenses, and cooperate with law enforcement agencies by assisting the authorized representatives of law enforcement agencies:

- in their inspections of activities of an organization with respect to preventing and combating corruption;
- in their activities in relation to curbing or investigating corruption crimes, including investigative measures.

### **3.12. Taking part in collective initiatives to combat and avoid corruption**

3.12.1. JSC ROSSETI and JSC ROSSETI's SDCs not only independently implement measures to prevent and combat corruption, but also take part in collective anti-corruption initiatives.

3.12.2. JSC ROSSETI and JSC ROSSETI's SDCs participate in:

- carrying out measures to implement the provisions of the Anti-Corruption Charter of the Russian Business in accordance with the Regulations for the Conditions and Procedure for Implementing the Provisions of the Anti-Corruption Charter of the Russian Business (Road Map) (Annex 2);
- incorporating standard anti-corruption clauses into joint contracts;
- publicly refusing to do business with organizations involved in corruption crime;
- organizing and providing joint training in avoiding and combating corruption;
- causing experts of JSC ROSSETI and JSC ROSSETI's SDCs to take part in international and other anti-corruption efforts.

#### **4. Employee Duties Related to Preventing and Combating Corruption**

Employees of JSC ROSSETI and JSC ROSSETI's SDCs are obligated, *inter alia*, to:

- refrain from committing and/or being involved in committing any corruption offenses and other offenses in their interests or on behalf of JSC ROSSETI and JSC ROSSETI's SDCs;
- refrain from conduct that may be interpreted by others as the willingness to commit or be involved in committing any corruption offenses and other offenses in their interests or on behalf of JSC ROSSETI and JSC ROSSETI's SDCs;
- promptly inform JSC ROSSETI's department for combating (avoiding) corruption and compliance control and JSC ROSSETI's SDCs' divisions for combating (avoiding) corruption and compliance control that employees have been enticed to commit corruption offenses and other offenses;
- promptly inform JSC ROSSETI's department for combating (avoiding) corruption and compliance control and JSC ROSSETI's SDCs' divisions for combating (avoiding) corruption and compliance control that they have become aware of corruption offenses and other offenses committed by other employees, partners, counterparties, or other persons;
- inform JSC ROSSETI's department for combating (avoiding) corruption and compliance control and JSC ROSSETI's SDCs' divisions for combating (avoiding) corruption and compliance control that any employee may encounter or has encountered a conflict of interest (conflict of interest declarations).

#### **5. Implementation of the Provisions of the Anti-Corruption Charter of the Russian Business**

5.1. Due to accession by JSC ROSSETI to the Anti-Corruption Charter of the Russian Business (Certificate No. 496 of September 23, 2014), JSC ROSSETI adapted the provisions of the Anti-Corruption Charter of the Russian Business for incorporation into the following paragraphs of this Anti-Corruption Policy:

5.1.1. Section "Corporate Governance Based on Anti-Corruption Programs" of the Anti-Corruption Charter: paragraph 1.2.3 of the Anti-Corruption Policy defines an objective of the Anti-Corruption Policy, namely to create an effective practical mechanism for the implementation of measures to avoid and combat corruption (including the approval of an anti-corruption program).

5.1.2. Section "Monitoring and Evaluation of Anti-Corruption Program Implementation" of the Anti-Corruption Charter: in relation to appointing management bodies to manage and monitor anti-corruption program implementation, paragraphs 3.1.1 and 3.1.2 of the Anti-Corruption Policy define the competence of the Board of Directors of JSC ROSSETI and the boards of directors of JSC ROSSETI's SDCs, the Director General of JSC ROSSETI and the department for combating (avoiding) corruption and compliance control; in relation to obligating corporate executives to demonstrate responsible behavior to be followed by their employees in anti-corruption program implementation, paragraph

1.2.4 of the Anti-Corruption Policy specifies that management shall lead by personal example in forming an environment of zero tolerance for corruption and building an intracompany system for preventing (avoiding) and combating corruption; in relation to monitoring and evaluating program implementation and reflecting the results of anti-corruption program implementation in corporate social reporting, paragraph 7 of the Anti-Corruption Policy sets forth the procedure for the approval, implementation analysis, and revision of the Anti-Corruption Policy.

5.2. Section “Effective Financial Control” of the Anti-Corruption Charter: in relation to establishing and maintaining internal control and financial control, paragraph 3.7 of the Anti-Corruption Policy specifies the basic principles of internal control (including financial control) and audit in relation to anti-corruption regulation.

5.2.1. Section “Personnel Training and Supervision” of the Anti-Corruption Charter: in relation to providing training for personnel and ensuring their active involvement in anti-corruption program implementation, paragraph 2 of the Anti-Corruption Policy specifies measures aimed at providing legal education for employees and forming the basis for their law-abiding conduct, paragraph 3.6 of the Anti-Corruption Policy provides for training and advice for employees; in relation to holding employees liable for corruption offenses, and paragraph 5 of the Anti-Corruption Policy specifies liability applicable to employees of JSC ROSSETI and JSC ROSSETI’s SDCs for corruption offenses.

5.2.2. Section “Collective Efforts and Publicity of Anti-Corruption Measures” of the Anti-Corruption Charter: in relation to publicly announcing anti-corruption measures, paragraph 2 of the Anti-Corruption Policy defines measures to communicate information about the anti-corruption policy pursued by JSC ROSSETI and JSC ROSSETI’s SDCs; in relation to creating an environment that enables employees to freely report anti-corruption program defects and suspicious circumstances, paragraph 7 of the Anti-Corruption Policy specifies that employees may point to defects in the implementation of the Anti-Corruption Policy and propose improvements thereto and paragraph 3.5 of the Anti-Corruption Policy specifies that studying and acting on information about possible corruption is an instrument for preventing and combating corruption.

5.2.3. Section “Rejection of Illegally Obtained Benefits” of the Anti-Corruption Charter: in relation to rejecting the offering and acceptance of gifts and making sponsorship contributions and donations, paragraph 3.4 of the Anti-Corruption Policy provides for implementing standards and procedures aimed at ensuring good faith work (including with respect to giving and receiving gifts and carrying out charity activities) and paragraph 3.8 of the Anti-Corruption Policy specifies that one of the measures to combat and avoid corruption in cooperation with partners and counterparties is the refusal to encourage employees of counterparties to do any acts in favor of JSC ROSSETI and JSC ROSSETI’s SDCs.

5.2.4. Section “Partner and Counterparty Relationships Based on Anti-Corruption Policy Principles” of the Anti-Corruption Charter: in relation to assessing the due diligence of counterparties, paragraph 3.8 of the Anti-Corruption Policy defines priority criteria for assessing the due diligence of counterparties; in

relation to monitoring the soundness and proportionality of fees paid to agents, advisors, and other intermediaries, paragraph 3.7 of the Anti-Corruption Policy provides for the verification of the economic feasibility of fees payable to agents, advisors, intermediaries, and external consultants.

5.2.5. Section “Transparent and Open Procurement Procedures” of the Anti-Corruption Charter: in relation to procuring goods, work, and services on the basis of transparent, competitive, and objective decision-making principles, paragraph 3.8 of the Anti-Corruption Policy sets forth this principle.

5.2.6. Section “The Use of Information to Counter Corruption” of the Anti-Corruption Charter: in relation to considering reports about facts of corrupt practices, paragraph 3.5 of the Anti-Corruption Policy specifies that studying and acting on information about possible corruption is an instrument for preventing and combating corruption; in relation to supporting efforts to disclose companies and persons using corrupt schemes, paragraph 3.11 of the Anti-Corruption Policy discloses the principles of cooperation with law enforcement agencies in combating corruption; in relation to complying with restrictions on information about anti-corruption measures, paragraph 1.2.4 of the Anti-Corruption Policy sets forth the principles of protecting the legitimate rights and interests and the business reputation of employees, partners, counterparties, and other persons and protecting proprietary information in the implementation of anti-corruption measures.

5.2.7. Sections “Cooperation with the Government” and “Promotion of Justice and Respect for the Rule of Law” of the Anti-Corruption Charter: paragraph 3.10 of the Anti-Corruption Policy specifies interaction with governmental supervisory authorities and paragraph 3.11 of the Anti-Corruption Policy specifies cooperation with law enforcement agencies in combating corruption.

5.2.8. Section “Combating Bribery of Foreign Public Officials and Officials of International Public Organizations” of the Anti-Corruption Charter: paragraph 3.9 of the Anti-Corruption Policy provides for measures to combat bribery of foreign public officials or officials of public international organizations.

5.3. JSC ROSSETI defines measures to implement the provisions of the Anti-Corruption Charter of the Russian Business in the Program of Measures to Prevent Corruption in JSC ROSSETI and Subsidiaries and Dependent Companies of JSC ROSSETI for 2014–2015.

## **6. Liability**

6.1. JSC ROSSETI and JSC ROSSETI’s SDCs apply such sanctions for corruption offenses and other offenses as disciplinary, administrative, and criminal liability in accordance with the laws of the Russian Federation and corporate sanctions in accordance with local regulatory documents of the JSC ROSSETI and JSC ROSSETI’s SDCs.

6.2. JSC ROSSETI and JSC ROSSETI’s SDCs conduct inspections in the event of each reasonably suspected or confirmed fact of corruption to the extent permitted by the laws of the Russian Federation.

## **7. Approval, Implementation Analysis, and Revision of the Anti-Corruption Policy**

7.1. The Anti-Corruption Policy in JSC ROSSETI and JSC ROSSETI's SDCs is approved in accordance with legal regulations of the Russian Federation, the Articles of Association of JSC ROSSETI and JSC ROSSETI's SDCs, and paragraph 3.1.1 of the Anti-Corruption Policy.

7.2. JSC ROSSETI and JSC ROSSETI's SDCs regularly monitor progress in and the effectiveness of implementing the Anti-Corruption Policy by using their own resources and by engaging other persons within their competence.

7.3. JSC ROSSETI and JSC ROSSETI's SDCs create an environment enabling employees and other persons to freely point to defects in the implementation of the Anti-Corruption Policy and propose improvements thereto.

7.4. The results of anti-corruption implementation are reflected in social reports of JSC ROSSETI and JSC ROSSETI's SDCs.

7.5. The action plan to update the Anti-Corruption Policy в JSC ROSSETI and JSC ROSSETI's SDCs is formulated and implemented in accordance with part 1 of paragraph 3.1.2 of the Anti-Corruption Policy.

7.6. JSC ROSSETI's SDCs JSC ROSSETI's department for combating (avoiding) corruption and compliance control and JSC ROSSETI's SDCs' divisions for combating (avoiding) corruption and compliance control submit reports to the Director General of JSC ROSSETI and the sole executive bodies of JSC ROSSETI's SDCs for the purposes specified in part 2 of paragraph 3.1.2 of the Anti-Corruption Policy.

7.7. The Anti-Corruption Policy of JSC ROSSETI and JSC ROSSETI's SDCs shall be amended in accordance with paragraph 3.1.1 of the Anti-Corruption Policy and if:

- it is necessary to bring the provisions of the Anti-Corruption Policy into line with changes in Russian and applicable international anti-corruption legislation;
- measures to implement the Anti-Corruption Policy are improved.

7.8. Any amendments to this Anti-Corruption Policy are posted on the corporate website of JSC ROSSETI and shall be binding upon JSC ROSSETI's SDCs.