



Audits revealed **32 cases** of personnel abuse.

## SECURITY AND ANTI-CORRUPTION

Changes in the Russian anti-corruption laws and PAO Rosseti's bylaws analyzed, the Company has aligned the Regulations on the settlement of competing interests<sup>87</sup>, Regulations on the OAO IDGC of Urals' Panel liable for Compliance with Corporate Ethics Norms and Settlement of Competing Interests<sup>87</sup> and Methodology on Assessment of Corruption Risks<sup>88</sup> with the adopted anti-corruption norms.

Assessment of corruption risks is one of the key instruments to prevent corruption in the Company. Particularly, it allows addressing two critical issues: to enforce compliance of Company's anti-corruption activities with real or potential corruption offences and to prepare the list of positions with the most severe anti-corruption restrictions. We used the methodology to assess corruption risks of such business processes, as purchases, connection and property management.

In 2018, in the course of standalone or joint audits of financial and economic operations, employees of security units exposed various violations committed by the Company's staff, incl. abuses. Audits revealed 32 cases of personnel abuse. As a result, 41 employees incurred disciplinary responsibility, 4 employees were dismissed and bonuses for 55 employees were deducted.

To regulate pre-conflict situations, we conducted a competing interest declaration campaign, checking 3,351 employees of the Company and its subsidiaries (AO EESK and AO EES). The scrutiny exposed 18 pre-conflict situations that were examined and regulated by the Company's panel, liable for compliance with corporate ethics norms and settlement of competing interests. 1 employee incurred disciplinary responsibility. In compliance with anti-corruption monitoring of procurements and measures taken to expose potentially unreliable contractors, the security division expelled 99 participants from tender procedures. Filing of false information, non-compliant with tender documentation, by participants has formed the basis for bid rejection and withdrawal of coverage provided by the participants. The Company has trained 289 employees on anti-corruption in grids and compliance with the Corporate Ethics and On-duty Behavior Code. The employees of security units participated in 7 meetings of the working group dealing with improvement of anti-corruption methodological support.

