

The fundamental regulatory act in the fight against corruption is the Federal Law dated 25 December, 2008 No. 273-FL "On Combating Corruption" (hereinafter — the Law on Combating Corruption).

In order to implement the National Anti-Corruption Plan for 2016-2017, a new unified Anti-Corruption Policy of Rosseti PJSC and ROSSETI PJSC Subsidiaries and Affiliates was approved and put into effect.

The anti-corruption policy of the Company is a complex of interrelated principles, procedures and specific measures aimed at preventing and combating corruption offenses in the activities of this organization.

The purpose of the Anti-Corruption Policy is to form a unified approach to the implementation of the requirements of Art. 13.3 of the Law on Combating Corruption concerning the obligation of Rosseti PJSC and ROSSETI PJSC Subsidiaries and Affiliates to develop and adopt measures to prevent and combat corruption:

identification and subsequent eliminating the causes of corruption (prevention of corruption);
detection, prevention and suppression of corruption and other offenses;
minimization and (or) liquidation of the consequences of corruption and other offenses, including those provided by art. 19.28 of the Code of Administrative Offenses of the Russian Federation.

The main group of persons subject to the Anti-Corruption Policy is the Company's employees, regardless of their position and functions, as well as partners and contractors of Rosseti PJSC and

Rosseti PJSC Subsidiaries and Affiliates, other persons due to mutual obligations between them and the Company, including anti-corruption obligations and other anti-corruption agreements.

The main directions of the Anti-Corruption Policy

Definition of functional units and officials responsible for the prevention of corruption offenses and anti-corruption.

Assessment of corruption risks (fraudulent and other illegal actions of employees of the Company or third parties).

Identification and settlement of interest conflicts (declaring conflicts of interest and information about income, checking applicants for hiring, etc.).

Development and implementation of standards and procedures aimed at ensuring fair work (Code of Corporate Governance and Gift Exchange Rules).

Consideration and resolution of information on possible facts of corruption and other abuses (work with complaints, telephone hotline, etc.).

Legal education and the formation of the employee law-abiding behavior fundamentals , counseling and training of employees (familiarization with the OAD and the local normative act against the signature to combat corruption, additional agreements to the employment contract for the AKP, placement of information on the website, training events, etc.).

Control of economic activity operation documentation, control of the economic feasibility of expenses in high corruption risk areas , verification of the organizational procedures and rules implementation.

Taking measures to prevent corruption when interacting with partners and counterparties (checking procurement participants and counterparties, checking for lack of personal contacts between management and owners for affiliation, checking supporting

documents of procurement participants, introducing the Anti-Corruption Standard, introducing a unified automated system for analyzing and collecting information about counterparty beneficiaries (AS "ASIB").

Interaction with government bodies performing control and supervisory functions, cooperation with law enforcement agencies in the field of combating corruption.

Participation in collective initiatives on countering and preventing corruption (joining the Anti-Corruption Charter of Russian business, using standard anti-corruption clauses in agreements, transparent and open procurement procedures, etc.).

Countering bribery of foreign public officials and officials of public international organizations.

Adoption, analysis of the application and revision of the Anti-Corruption Policy.

The anti-corruption policy for the employees of IDGC of the South, PJSC establishes duties, in particular:

to refrain from committing and / or participating in the commission of corruption and other offenses in their own interests or on behalf of the Company;

to refrain from behavior that may be interpreted by others as a willingness to commit or participate in the commission of corruption and other offenses in their own interests or on behalf of the Company.

In pursuance of the Anti-Corruption Policy, IDGC of the South, PJSC has the following provisions and regulations:

Corporate Ethics Code of IDGC of the South, PJSC;

Regulations on the contractual work and the Uniform Procurement Standard;

The procedure for receiving, reviewing and resolving applications from applicants for possible facts of corruption;

Regulation on the settlement of interest conflicts in IDGC of the

South, PJSC;

Regulations on the Interest Conflict Settlement Commission;
Provision on communication by employees of the Company on receipt of a gift in connection with their official position or the performance of official duties.

The anti-corruption policy provides for the responsibility of officials for the commission of corruption offenses and other abuses.

The measures of responsibility for corruption and other offenses in IDGC of South, PJSC include 1) disciplinary, administrative and criminal liability measures in accordance with the legislation of the Russian Federation and 2) corporate impact measures in accordance with local regulations of the Company.

IDGC of the South, PJSC conducts inspections for each reasonable suspicion or established fact of corruption within the limits allowed by the legislation of the Russian Federation.

IDGC of the South, PJSC joined the Anti-Corruption Charter of the Russian business.

The Company has identified and implemented measures to implement the provisions of the Anti-Corruption Charter of Russian business in the annual Anti-Corruption Plan in IDGC of the South, PJSC.

Local regulations adopted in the reporting period within the implementation of the federal anti-corruption legislation requirements

In the reporting period, the following local regulatory acts aimed at preventing corruption that meet the requirements of Russian legislation were developed and updated:

Methodology for assessing the risk of corruption in Rosseti PJSC and Subsidiaries and Affiliates of Rosseti PJSC;
Regulations on the procedure for processing personal data in an automated system for analyzing and collecting information on beneficiaries in IDGC of South, PJSC;
Regulation on insider information of IDGC of the South, PJSC;
Regulations of the Anti-Corruption Process;
Regulation on the settlement of interest conflicts in IDGC of the South, PJSC;
Regulations on the Commission of IDGC of the South PJSC on compliance with corporate ethics and interest conflict resolution.

Information on possible facts of corruption and other abuses in the Company

In accordance with the "Procedure for receiving, reviewing and resolving applications of applicants (employees, counterparties of IDGC of the South" PJSC and other individuals and legal entities) about possible corruption", in 2018, information about appeals and complaints about possible corruption was monitored.

Two appeals submitted for consideration in 2018 in IDGC of the South, PJSC were registered in a separate log. On the facts of the received appeals, service checks were conducted. According to the inspection results, the circumstances stated in the appeals were not confirmed, the facts of the interest conflict were not established.

Measures to identify and resolve interest conflict

In 2018, the annual declaration of the interest conflict of the Company's employees for 2017 was held. The number of persons subject to annual declaration in IDGC of the South, PJSC and

Subsidiaries and Affiliates of IDGC of the South, PJSC was 2,213.

After the electronic declaration was completed, the declared information was checked automatically, taking into account the SPARK data and information on ownership chains, including the final beneficiaries under the concluded agreements of IDGC of the South, PJSC and Subsidiaries and Affiliates of IDGC of the South, PJSC. According to inspection results 55 incidents are revealed.

As a result of checking "incidents", cases of pre-conflict situations and interest conflicts were not identified.

Additionally, declarations on the completeness of information on the presence of close relatives working in the Company are checked. As a result, 23 declarations were identified and refined in IDGC of the South, PJSC.

In the course of checking declarations for possible presence / absence of close relatives in the employees, either directly or directly subordinate, 49 facts were revealed and then required additional verification.

For the identified cases, job (work) instructions, regulations on structural divisions were requested. As a result of 49 possible cases:

32 were not confirmed due to lack of subordination;
three cases require the settlement of possible interest conflicts;
14 cases are settled in connection with the presence of labor dynasties.

The results of the annual declaration on April 12, 2018 were reviewed and approved at a meeting of the Commission of IDGC of the South, PJSC on compliance with the norms of corporate ethics and interest conflicts resolution.

In accordance with the recommendations provided by Rosseti, PJSC pre-conflict situations regarding labor dynasties were recognized by the Commission as permitted and not requiring additional measures. The heads of structural divisions are charged with ensuring control over the performance of official duties by production personnel assigned to labor dynasties, eliminating abuses related to the positions held and the occurrence of interest conflict.

The general director deputies — directors of branches of IDGC of the South, PJSC, in accordance with the Regulations on Interest Conflict , took measures to resolve the identified pre-conflict situations.

The results of the settlement of pre-conflict situations were reviewed and approved at a meeting of the Commission of IDGC of the South, PJSC on compliance with the norms of corporate ethics and interest conflict settlement.

Countering and preventing corruption when interacting with partners and counterparties

In 2018, IDGC of the South, PJSC built relationships with partners, contractors and third parties in accordance with anti-corruption principles and standards, carried out competitive purchases, guided by objective criteria when choosing suppliers, carried out appropriate outreach activities.

The Company conducts explanatory work with counterparties when counterparties refuse to provide information on owners and sign Agreement on the processing of personal data.

In the reporting period, IDGC of the South, PJSC carried out competitive purchases, guided by objective criteria when choosing suppliers, paying great attention to the formation of transparent business standards in the energy sector. All technical specifications and all documentation on participants in procurement procedures is subject to mandatory testing and anti-corruption expertise.

During the scheduled procurement procedures for 2018, 845 technical assignments and 1,499 evaluation reports, including analytical notes, were reviewed and agreed. At least 4,388 participants in procurement procedures were checked, of which 215 were rejected.

In addition, during the reporting period, 749 explanatory notes were reviewed on the inclusion in the agenda of the central procurement authority of issues on updating the Procurement Plan.

In the process of pre-contract work, it was checked, including the accuracy and completeness of information about the owners of contractors, and 54,351 income and expense agreements were loaded into AS AIB, of which 2 529 were contracts with the disclosure of the owners of contractors, 2 beneficiaries were counted 242.

Anti-corruption policy is presented on the official  website of IDGC of the South, PJSC.

Participation in working groups and collective initiatives to counter and prevent corruption

In accordance with the National Anti-Corruption Plan for 2018–2020, the Anti-Corruption Policy of Rosseti PJSC and its subsidiaries and affiliates of Rosseti PJSC in 2018, the Company conducted

training activities to combat corruption in the executive office, branches, governance and REC of the Company. Employees of the Company recruited this year were familiarized with international legal acts in the field of anti-corruption, regulatory documents of the Russian Federation on combating corruption, with the local normative act of the Company, including in more detail with the Anti-Corruption Policy. According to the survey results.


In pursuance of the Anti-Corruption Plan in IDGC of the South PJSC for 2018 in accordance with the approved Training , retraining and advanced training plan for the personnel of IDGC of the South PJSC in 2018, the Company's employees underwent advanced training, whose duties included participation South-Russian Institute of Management of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation (Rostov-on-Don), St. Petersburg Academy of Security "and private institution of continuing professional education "Interregional Corporate Training Centre "ENERGETIC".

In order to ensure the reliability and accuracy of the financial (accounting) statements, ensure compliance with the requirements of regulatory documents, prevention and detection of corruption offenses, IDGC of the South, PJSC conducted audits on the financial and economic activities of the subsidiaries and affiliates of IDGC of the South, JSC and branches.

The audit programmes included the following questions:

verification of procurement and contract work;
verification of compliance with the requirements of the Anti-Corruption Policy, the implementation of measures to identify conflicts of interest.

The representative of IDGC of the South, PJSC took an active part in the working group on improving the methodological support in the field of anti-corruption. During 2018, four analytical notes were sent with proposals for consideration at the group meetings.

Information on the activities of IDGC of the South PJSC in the field of countering and preventing corruption is posted on the Internet. A new section "Anti-Corruption" has been developed on the Company's official  website.

Ensuring the safety of economic activity

In 2018, with the participation of the security division of IDGC of the South, PJSC, 194 materials were prepared and sent to law enforcement and supervisory authorities (2017 — 41), including:

on the facts of unrecorded electricity consumption before law enforcement agencies, 172 verification measures have been initiated to determine whether the actions of the violators contain the signs of crime provided for in Art. 165 of the Criminal Code of the Russian Federation;

according to the inspections results of financial and economic activities — 3 (2017 — 2);

as part of work on the return of overdue receivables for electricity transmission services — 6 (in 2017 — 6) (Donreko LLC, Volgogradenergosbyt PJSC, TNS Energo Rostov-on-Don PJSC);
for other reasons — 13, including in relation to the Company's employees — 3.

Based on the materials prepared and sent to law enforcement, supervisory authorities with the participation of PB and accompanied by PB, nine criminal cases were initiated based on the results of the procedural inspections (14 in 2017, nine of them on the facts of dismantling of electrical equipment and theft of goods and materials):

1 — Art. 165 of the Criminal Code of the Russian Federation
“Causing property damage”;

2 — Art. 204 of the Criminal Code of the Russian Federation
“Commercial bribery”;

3 — Art. 158 of the Criminal Code of the Russian Federation
“Theft”;

2 — Art. 159 of the Criminal Code of the Russian Federation
“Fraud”;

1 — Art. 272 of the Criminal Code of the Russian Federation “Illegal
access to computer information”.

According to the results of the criminal case material
consideration, the courts issued five decisions on bringing violators
to criminal responsibility (in 2017 — 8, five of them — on the facts
of dismantling electrical equipment and goods and materials
theft):

1 — Art. 204 of the Criminal Code of the Russian Federation
“Commercial bribery”;

1 — Art. 272 of the Criminal Code of the Russian Federation “Illegal
access to computer information”;

1 — Art. 158 of the Criminal Code of the Russian Federation
“Theft”;

1 — Art. 159 of the Criminal Code of the Russian Federation
“Fraud” (in relation to S. A. Huruji);

1 — Art. 201 of the Criminal Code of the Russian Federation “Abuse
of power”.

As part of the administrative proceedings (Code of Administrative
Offenses of the Russian Federation) 4,081 applicant materials were
sent:

on the grounds of an administrative offense in accordance with
Art. 7.19 of the Code of Administrative Offenses of the Russian
Federation — 4 054 (in 2017 — 1 121), based on the consideration
results by the courts 1,286 positive decisions were made

(in 2017 — 392);

on the grounds of an administrative offense in accordance with Art. 9.22 of the Code of Administrative Offenses of the Russian Federation — 27, based on the results of consideration of which the Nizhne-Volzhsy Directorate of Rostekhnadzor issued 27 positive decisions.