

Main Directions of Improvement of Activity in the Sphere of Risk Management

The Company organizes training for its employees following the recent changes in the sphere of risk management. Various tools for identification, evaluation, documenting, subsequent evaluation and management of risks are used. Risks are constantly monitored and reviewed.

Registers of key operational risks, operational risks of main and other business processes, significant environmental aspects, risks of occupational health and safety are formed and updated. The action plan for risk management for 2018 is implemented in full.

In order to improve activity in the sphere of risk management, the Company:

- Develops and implements key risk indicators and risk appetite
- Continues activity on automation of control procedures in the fields of activity

ANTICORRUPTION POLICY

System of Anticorruption Policy Implementation in the Company (local regulatory acts adopted in the reporting period within the frames of implementation of requirements of the federal anticorruption law)

Subject to Art.13.3 of Federal Law No. 273-FZ dated 25.12.2008 "Concerning Anticorruption", PJSC IDGC of Siberia has the responsibility to develop and take measures on prevention and control of corruption.

In the progress on implementation of Anticorruption Policy in 2018, events aimed at improvement of legal control over Company anticorruption policy were implemented, several local regulatory acts were passed (3 orders and 4 decrees; 5 standards were updated twice; 2 methodologies were developed).

Main Directions of Anticorruption Policy

Events aimed at detection and settlements of conflicts of interests

One of the fundamental issues of anticorruption policy implementation is the management of a conflict of interests. Main tools for the settlement of a conflict of interests are initial and annual declaration of a conflict of interests and declaration of information on incomes.

At the stage of initial declaration, 750 declarations (2017 – 1,001; 2016 – 372) submitted by candidates for vacant positions were checked. For 2 candidates features of a conflict of interests were revealed; the relevant heads were familiarized with the reports.

Events for inspection of information on income generated by heads for 2017 – 64 (2017 – 61; 2016 – 62) were held. 294 statements (2017 – 285; 2016 – 291) on income and proprietary liabilities of declarants and their relatives were checked. In the progress of inspection characteristics of affiliation, conflicts of interests, pre-conflict situations and other abusive acts connected with positions taken were not detected.

A complex of measures on annual declaration of a conflict of interests in PJSC IDGC of Siberia was implemented. Average headcount of the Company subject to declaration (as of 31.12.2017) amounted to 5,205 people. 5,151 employees of PJSC IDGC of Siberia (2017 – 5,129; 2016 – 2,547) submitted their declarations. These are reasonable excuses for non-submission of declarations: dismissal in 2018, maternity/paternity leave, change of a place of residence. Specific weight of employees who successfully passed declaration, inclusive of those dismissed, amounted to 99.78%.

Activity of branch commissions on the issues of annual declaration campaign and control over execution of decisions was coordinated. 14 meetings (2017 – 12; 2016 – 10) were held and 66 pre-conflict situations (2017 – 15; 2016 – 13) were revealed.

Counteraction and prevention of corruption during interaction with partners and contractors (anticorruption events)

PJSC IDGC of Siberia regularly checks its contractors on the subject of their reliability, affiliation and interest in order to reduce risks of Company involvement in corruption activity. The Company distributes policies, procedures and rules aimed at prevention and counteraction to corruption and used in the Company (anticorruption standard, anticorruption provision, etc.) among its contractors and business partners. In the reporting period:

- the following information was recorded in the Automated System of Analysis and Collection of Information on Beneficiaries: on contracts and addendums made, on contractors and full chains of contractors' titles (50,427). Contracts containing chains of contractors' titles – 2,575; beneficiaries revealed – 4,846
- check on the subject of affiliated relations, conflict of interests, level of reliability and due diligence between participants of trading and purchasing procedures and employees of the Company was performed for 2,177 purchases, whereby, 6,299 participants submitted their offers

In accordance with the action plan aimed at prevention and identification of corruption symptoms in the sphere of technological connection, the module "TC-Anticorruption Indicators" was formed in SAP base to find applications with features of corruption among the total mass.

In the process of module testing 14,756 applications for technological connection were analyzed according to particular scenarios. 559 applications for discounted tariff (RUB 550) were found. During the check 7 cases were revealed and sent for professional assessment to the Department for Perspective Development and Technological Connection, which confirmed that tariffs for 3 applications were defined incorrectly due to incorrect operation of PC SAP ERP. Addendums on adjustment of TC price were formed.

Constant work with applications on possible facts of corruption is performed. In the reporting period the Company received 15 applications via a feedback form.

In 2018 agreements on compliance with the requirements of the Anticorruption Policy and Code of Corporate Ethics and Code of Conduct for Employees were made with newly arrived employees of the Company – 3,758 (2017 – 4,011; 2016 – 4,023).

Participation in workgroups and collective initiatives for counteraction and prevention of corruption (interaction with state authorities and civil institutes in the course of anticorruption policy)

In order to coordinate activity of power grid organizations, a workgroup for improvement of methodological support in the field of counteraction to corruption was established.

Within the reporting period workgroup meetings in absentia were held on the following issues: improvement of efficiency of measures on development and implementation of standards and procedures aimed at assurance of diligent work in accordance with the Order of PJSC "Russian Grids" No. 133 dated 24.07.2015; addition to the typical requirements towards the bidders of a typical form of bidder's declaration; training of employees of structural subdivisions of PJSC "Russian Grids" (S&A of PJSC "Russian Grids") in the field of prevention and counteraction to corruption, inclusive of the terms and periodicity of training in accordance with the National Anti-Corruption Plan for 2018-2020.

The Company participated in an alignment meeting held by PJSC "Russian Grids" on September 3-6, 2018 in Saint-Petersburg on the subject: "Current Problems of Prevention and Counteraction to Corruption in Power Grid Complex".

Information on measures aimed at implementation of the Anticorruption Policy of PJSC "Russian Grids" and S&A of PJSC "Russian Grids" is regularly placed: on the corporate website of PJSC IDGC of Siberia in the section "Anticorruption Policy" and in the corporate newspaper. The corporate website of PJSC IDGC of Siberia – www.mrsk-sib – has a feedback mechanism for filing applications on possible facts of corruption.

Company goals for 2018 and for a midterm period in the field of Anticorruption Policy:

- Organization of the process of teaching Company employees on the issues of prevention and counteraction to corruption (following results of development of uniform approaches in PJSC "Russian Grids" and notification thereof to S&A of PJSC "Russian Grids")
- Organization of risk management process in the field of prevention and counteraction to corruption
- Identification of abuse, features of corruption, violations of regulatory legal and local acts of the Company by personnel in the process of their professional activity

INSIDER INFORMATION

Company activity in the sphere of control over insider information is organized in accordance with the Federal Law No. 224-FZ dated 27.07.2010 "On Counteraction to Illegal Use of Insider Information and Market Manipulation, and on Introduction of Changes into Separate Legislative Acts of the Russian Federation" and Company standard CO 5.170/0 "Insider Information. Regulation".

The Company implements the following activities aimed at compliance with the law on control over insider information:

- Updating Company insider list and provision of the list to bidding process organizers
- Changing numerical composition of Company insiders by the beginning and end of a reporting period
- Current control over compliance with the law on insider information

AS of 31.12.2018, the Company had 487 insiders. In the reporting period, 141 (2017 – 132; 2016 – 145) insiders were included into the list and 143 (2017 – 152; 2016 – 74) insiders were excluded from the list. Information on changes in the insider list is monthly submitted to PJSC MICEX.

Information on results of trade with Company shares at trading platforms of bidding process organizers at the securities market, and on the analysis of factors influencing the cost of Company securities is provided.

Insider information is disclosed by PJSC IDGC of Siberia is disclosed via the following channels:

- On the corporate website in the Internet – <http://www.mrsk-sib.ru>
- On the page of the information agency authorized by the Bank of Russia to disclose information at the securities market – <http://www.e-disclosure.ru/portal/company.aspx?id=12072>.

In 2018 PJSC IDGC of Siberia disclosed the following insider information:

- 5 notices on the procedure of ensuring access to insider information
- 131 notices on insider information disclosure
- 13 documents containing insider information