

PROCUREMENTS

Purchase activities during the reported period were regulated by the Rosseti's Single Purchase Standard (Procurement Regulations)³⁹.

Principles for building-up purchase activities of the Company:

1. Information transparency of tenders – enforcement of the transparency of purchase activities in compliance with the laws of the Russian Federation to the extent, required and sufficient for potential contractors to decide on tender bidding.

2. Equal rights, lack of discrimination and unwarranted competitiveness restrictions towards tender bidders – provision of non-discriminatory access of suppliers (contractors) to tenders is preferential; suppliers (contractors) are selected mainly via tenders with equal opportunities, lack of discrimination and unwarranted restrictions toward tender bidders, in compliance with reasonable demand to potential tender bidders and purchased goods, works and services, keeping in mind, if required, product life cycle; discontinuation of single-source contract practices

3. Appropriate and efficient expenditures on goods, works and services, implementation of cost-cutting measures – offers are selected through a totality of predefined price and non-price criteria defining economic and other efficiency of a tender.

4. Unrestricted access to a tender by setting immeasurable requirements for bidders.

5. Transparency and controllability of purchasing activities – planning, accounting, monitoring, control and audit of purchasing activities on all stages.

6. Professionalism and competency of employees engaged in purchasing activities – personal responsibility of officials for efficient arrangement of tenders and their decisions on tenders; flawless performance of actions prescribed in documents regulating tenders; evaluation and retraining of the personnel, liable for purchasing activities.

7. Compliance with the laws regulating purchasing activities and combating corruption, incl. Anti-corruption Tender Regulations.

In 2022, the Company conducted 2,524 purchases worth RUB 25,430,473.117 thousand (plus VAT), namely

Tender type	Number of tenders		Tender value	
	pcs	% of total amount of tenders	RUB thousand, plus VAT	% total tender value
Electronic tender	167	6.616	6,793,631.149	26.715
Price inquiry after competitive pre-selection	544	21.553	1,453,243.112	5.715
Price inquiry after pre-selection	236	9.350	2,902,580.579	11.414
Single-source purchase	511	20.246	3,189,860.240	12.543
Purchase from vendors	15	0.594	53,375.957	0.210
Single-source purchases after cancelled tenders	497	19.691	4,824,681.587	18.972
Electronic auction	10	0.396	4,290,750.00	16.872
Electronic quote inquiry	178	7.052	210,899.513	0.829
Electronic price comparison	21	0.833	4,895.157	0.019
Electronic request for proposals	345	13.669	1,706,555.823	6.711

There were 1,998 e-commerce procurements worth RUB 22,187,236.920 thousand plus VAT (100% of total purchases and 100% of total value, net of single-source purchases and purchases from vendors).



Type of purchase	Number of contracts	Contract value, RUB thousand, incl. VAT	Payments under concluded contracts, RUB thousand, incl. VAT	% of concluded and paid contracts
Purchases from small-and medium-size businesses	2,008	15,462,299.015	6,673,710.240	81.467%
Incl. purchases only from small-and medium-size businesses ("special bidding")	876	7,279,850.398	3,826,372.717	46.709%

The economic effect from the purchases amounted to RUB 1,603,517.069 thousand, incl. VAT or 6.740% of the announced price targets (net of single-source purchases and purchases from vendors). Open purchases contributed 87.247% to the total purchase value.

The following activities are enforced to enhance economic metrics, improve and promote purchase transparency:

- Use of electronic trading platforms to conduct max volume of purchases;
- Revisions of specifications in terms of elimination of unnecessary requirements to procurement participants;

- Negotiations with manufacturers to invite them to apply on the ETP without intermediaries;
- Additional requests for documents, required from participants, via ETP;
- Pre-contract negotiations;
- Repeated rebiddings.

ANTI-CORRUPTION POLICY AND ENFORCEMENT OF ECONOMIC SECURITY OF OPERATIONS

Anti-corruption policy

The anti-corruption policy of PAO Rosseti and its SACs is a single strategic document of PAO Rosseti and its subsidiaries that defines the single approach of Rosseti Group to elaboration and implementation of measures to prevent and combat corruption. The goal of the anti-corruption policy is a single approach to implementation of the Federal Law⁴⁰, with regard to elaboration and implementation of measures to prevent and combat corruption: exposure and subsequent elimination of corruption factors (corruption prevention); exposure and prevention of corruption-related and other offences; mitigation and (or) liquidation of consequences caused by corruption-related and other offences, as stated in the Russian Administrative Offence Code⁴¹.

Section "Anti-corruption Policy" of the corporate web-site discloses information on corruption-related whistleblowing procedures, available whistleblowing communications means, regulatory documents on combating corruption and complete version of the Company's Anti-corruption Policy, Anti-corruption Charter and Certificate on accedence of the Company to the Anti-corruption Charter of the Russian Business.

Settlement of the conflicts of interest

The Company has the following system for conflict-of-interest disclosures:

- initial disclosure on possible conflicts of interest at hiring or position change;
- annual conflict-of-interest disclosures at the year-end (declaration campaign);
- notification from employees on personal interest that arises during the conduct of official duties and leads or may lead to the conflict of interest.

Initial disclosure on possible conflicts of interest helps check information, declared by a candidate applying for a position, and prepare a post-check report, thus preventing occurrence of new, previously unrecorded, pre-conflict situations. During the reported period the Company examined and checked 2,859 job seekers whether they have pre-conflict of interest or not at hiring or position change. 8 pre-conflict situations related to direct reporting line among employees with kin relations were exposed.

The Company conducted annual conflict-of-interest declaration campaign for employees of OAO IDGC of Urals and its affiliates (AO EESK and AO EES) in full, using electronic declaration system "Automated system for analysis and collection of information on beneficiaries". 7,370 Company's employees, incl. affiliates' employees, filed declarations, with 4 pre-conflict situations exposed after the 2021 declaration campaign.

Results of the 2021 declaration campaign were examined and settled by the Company's panel, liable for compliance with corporate ethics norms and settlement of competing interests.

Whistleblowing

The Company has the following channels for whistleblowers:

- Hotline (+7.343.293.21.83), disclosed on the corporate web-site, works 365/7/24 in automatic mode, with an option of recording voice messages;
- Feedback form, disclosed on the corporate web-site, works in automatic mode, with an option of sending text messages and evidence, anonymity guaranteed.

We also placed detailed information about all available channels for whistleblowing and reporting on competing interests on information stands in HQ, executive offices in branches, affiliates and customer service centers. In 2022, our hotline received 11 whistleblowing messages on potential corruption behavior. All messages were processed within the time frames, as stated by the existing Regulations. At present, we conduct an audit of performance in a production department in response to a whistleblowing message.