

thus demonstrated its willingness to meet international and Russian anti-corruption laws and regulations, ethical standards of open and honest business practices.

The Anti-Corruption Charter of the Russian Business was developed by the Chamber of Industry and Commerce of the Russian Federation, Russian Union of Industrialists and Entrepreneurs, OPORA Of RUSSIA All-Russia Public SME Organization, and Delovaya Rossija, All-Russia Public Organization.

When assessing the trustworthiness of partners and contractors, the Company takes into account their anti-corruption status during business operations, including any anti-corruption programmes. Compliance with the anti-corruption principles is considered an important factor when entering into contracts, including the possibility of terminating any agreements if the anti-corruption principles are violated.

PJSC IDGC of the North-West developed and implemented a uniform mechanism for information check of the contractors' ownership chain, including their beneficiaries (including end beneficiaries), handling of personal data when disclosing information on the ownership chain by contractors, compliance with the anti-

corruption standards when purchasing, and conflict of interest management system.

In 2015, the employees of security units organized and performed 164 business audits with a total prevented damage of RUB 16.9 million. As a result, actions were taken against 292 Company employees, and employment was terminated with 17 of them, administrative sanctions were imposed on 105 employees, and 217 employees were deprived of a bonus.

In 2015, the security units continued to audit the bidding procedure, check bidders and potential winners, identify cases of affiliation, lobbying, and conflicts of interest. Potential contractors were checked in the bidding process to identify affiliation, 547 out of 4,582 potential contractors were found to be unsuitable. A total of 4,089 employees and their family members were checked for affiliation with the Company's contractors and three of them were found to be affiliated.

A total of 841 candidates for vacant positions were checked to identify any personal interests or relationships with contractors and 42 unfavorable opinions were given. A total of 5,418 conflict of interest declarations were checked. Employees of branch security departments identified seven violations in completion of declarations although no conflicts of interest were found.

6.7.2. Purchasing

The purpose of PJSC IDGC of the North-West's Regulated Procurement Policy is to establish uniform approach to the implementation of the Regulations on Procurement of Goods, Works, and Services for the Company, organization and coordination of procurement and purchasing in accordance with Russian legislation and internal orders and regulations.

The Company's purchasing activity in 2015 was in line with the Regulations on Procurement of Goods, Works, and Services for PJSC IDGC of the North-West (hereinafter, the Regulations). Its new version was approved by the Board of Directors on July 22, 2013 with the amendments approved by the Board of Directors in 2015.

The Company approved the Uniform Purchasing Standard of PJSC ROSSETI (the Purchasing Regulations) as its internal document. All purchasing documents, including all protocols made in the course of purchasing activities and all amendments made to the documents are published on the Company's official website and on the website of the Government of the Russian Federation <http://www.zakupki.gov.ru>.

The Regulations for the standing Central Tender Committee of PJSC IDGC of the North-West (hereinafter, CTC) was approved by the Board of Directors in 2008. CTC is responsible for the development and implementation of the uniform policy for purchasing goods, works and services for the Company, takes decisions on product purchasing, and ensures coordination and control over purchasing to satisfy the Company's needs. CTC members are approved by the Board of Directors.

Purchasing control:

- based on the systemic approach which means the existence of regulations, purchasing management and control, trained purchasing human resources and a well-balanced purchasing infrastructure at the Company;
- ensures compliance with common corporate purchasing rules;
- involves mandatory procedures to be implemented by the Company's employees in every purchasing process worth more than the set limit (such procedures may also apply to smaller purchases if reasonable);
- control over the scope of authority and responsibility of purchasing employees.

The Logistics and Procurement Department is responsible for planning and ongoing control over purchasing at the Company. It is responsible for:

- development of documents on purchasing methodology;
 - support for permanent CTC;
 - purchasing procedures for the Company;
 - purchasing monitoring;
 - expert review of documents to meet applicable purchasing regulations;
 - purchasing audit in Company branches;
 - involvement in purchasing, bidding, and expert commissions and commissions of third-parties for the Company's needs;
 - participation in claims handling commissions in the bidding process.
- PJSC IDGC of the North-West's branches have separate structural divisions responsible for purchasing of goods, works and services.

PURCHASING METHODS

