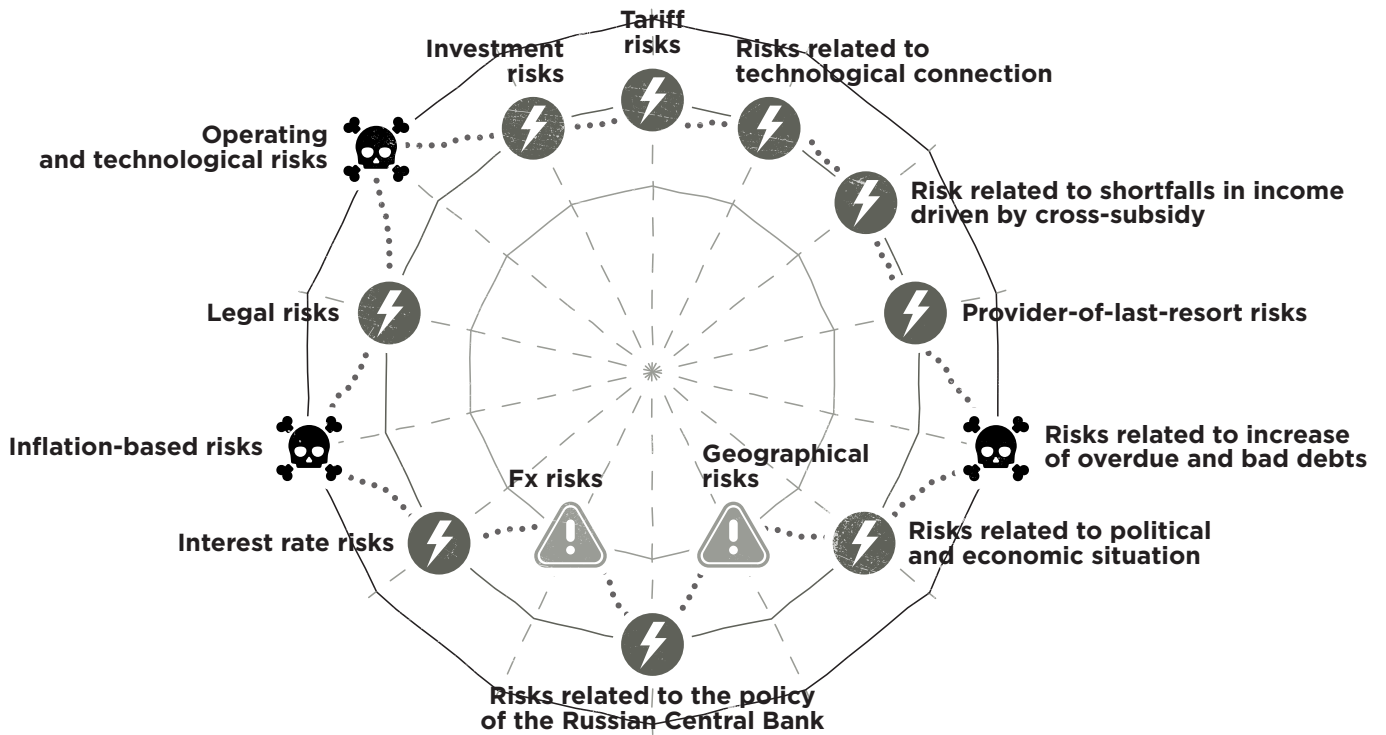


2016 risk importance evaluation



SECURITY AND ANTI-CORRUPTION

During the reported period we have adopted no additional bylaws to enforce federal anti-corruption laws. Our anti-corruption activities were based on the Federal Anti-corruption Law⁹² and Anti-corruption Policy of Rosseti and Rosseti's SACs⁹³. In 2016 we scrutinized 9 whistle-blowing reports from customers but no substantiation of the reported facts was discovered. Audits of financial and economic operations revealed 30 cases of abuse, improper execution of duties and other misconduct of the employees during 2016. As a result, 47 employees were brought to disciplinary responsibility, 3 employees were dismissed and bonuses for 7 employees were deducted.

We handed over 7 cases to law enforcements, with initiation of criminal investigation being waived for 6 cases and charges being dismissed for 1 case.

During the reported period we also arranged measures to reveal and settle conflicts of interests. We have processed 1,906 declarations completed by the employees. We have discovered and settled 2 preconflict situations, examined by the Company's panel, liable for compliance with corporate ethics norms and settlement of conflicts of interest. We have also examined 16 job resumes for positions, subject to the Settlement of Conflicts of Interest Stan-

dard (PL MRSK-GAKP-03-2015). To enforce anti-corruption activities in business relations with partners and contractors we have checked 1,999 expenditure contracts for disclosure of the chain of ownership. There were no negative opinions regarding revealed conflicts of interests. On the whole, during 2016 we filed 175 statements regarding economic damages incurred by the Company with the law enforcements, with initiation of criminal investigation for 117 cases. 565 administrative procedures related to unrecorded energy consumption were initiated, with 390 residents being held administratively liable.