



Key operating results of the Management Systems

1 

Increased reliability and stability of power supply

For more details, see Reliable and Efficient Operation of the Energy System section

2 


Higher safety of power supplies

For more details, see Reliable and Efficient Operation of the Energy System section

3 


Labour safety and health protection during production activities, including reduction of total number of accidents in keeping with Labour Safety and Environmental Protection statutory requirements

For more details, please see the Occupational Health and Safety section

4 


Enhanced energy efficiency

For more details, please see the Energy Saving and Energy Efficiency Improvement section

5 

Environmental safety

For more details, please see the Environmental Protection

6 


Enhanced quality level of grid connection services

For more details, please see the Rosseti Kuban Grid Connection section

7 

Improved procurement performance

For more details, please see the Innovative Activities section



In general, Management Systems demonstrated positive operating results over the past year.

ANTI-CORRUPTION POLICY OF THE COMPANY

Rosseti and its S&As' Anti-Corruption Policy sets forth a consistent approach to compliance with Clause 13.3 of Federal Law No. 273-FZ dated 25 December 2008 "On Combating Corruption" in part that concerns the Company's obligations to develop and put in place measures to prevent and combat corruption, including:

- Identification and further elimination of causes of corruption (anti-corruption)
- Identification, prevention and suppression of corruption and sundry offences

- Minimisation and (or) liquidation of the consequences of corruption and sundry offences

On 12 September 2023, the Company's Board of Directors approved a new version of the Anti-Corruption Policy of Rosseti Kuban, PJSC¹.

The full text of the Anti-Corruption Policy of the Company is available in the

[About the Company / Anti-Corruption Policy](#) section on the official website of Rosseti Kuban, PJSC.

In the reporting year, Rosseti Kuban, PJSC approved the Anti-Corruption Plan for 2023 by Order No. 107-od dated 20 February 2023.

In 2023, the following was done to promote the Company's Anti-Corruption Policy:

Anti-corruption policy aspect	Measures taken in 2023
Establishment of the inner control and risk management process to prevent and combat corruption	Reports "On the results of anti-corruption monitoring" for 2022 and 6 months of 2023 were prepared and submitted to the Management Board, Audit Committee, and then to the Board of Directors of the Company; the reports were reviewed and taken into account by the Audit Committee and the Board of Directors of the Company without any comments. The 2nd line of defence report for 2022, along with the results of self-assessment of control procedures efficiency and quarterly updated passports of functional risks, business process risks, and Progress report on the Risk Management Action Plan for the Anti-corruption sub-process were prepared and forwarded to the Company's management
Identification and clearing of conflict of interests	The annual declaration of conflicts of interest of employees for 2022 was undertaken; 2,434 declarations were collected. No cases of conflicts of interest and pre-conflict situations were identified. Corporate Ethics Compliance and Conflict of Interest Commission of Rosseti Kuban, PJSC had one meeting. They reviewed the submitted statements of income, property and property liabilities born by the top managers or their immediate family members in 2022. As a result, no signs of affiliation, conflict of interest, or pre-conflict cases were identified. Conflicts of interests were declared for candidates for vacant positions at the Company. In 2023, 197 opinions were issued on the screening of candidates applying for vacant positions at Rosseti Kuban, 51 of which were negative
Development and introduction of standards and procedures to ensure good practice	In 2023, agreements on compliance with the requirements of the Anti-Corruption Policy and the Code of Corporate Ethics and Conduct of Employees were obtained from 56 new hires of the Company. The Company developed and effected three organisational decrees on anti-corruption compliance and the implementation of its Anti-Corruption Policy
Review and verification of reports of possible corruption and sundry abuses	In 2023, the Company received 17 reports of possible corruption and other abuses via the feedback form in the Anti-Corruption Policy section of Rosseti Kuban's website. The Company carefully looked into every such report. None of the reported cases was confirmed
Anti-corruption measures in interaction with partners and subcontractors	Information about signed agreements, additional agreements, and new subcontractors or business partners was added on a daily basis to the Company's automated system for collection and analysis of beneficiary data; in 2023, more than 67,000 agreements and additional agreements were uploaded there. The procurement documentation underwent the approval procedure. In 2023, the Company took part in 698 procurement procedures. For 15 procurement procedures, the initial (maximum) price was reduced to a total amount of RUB 38.12 mln, and 2 procurement procedures totalling RUB 117.95 mln were cancelled. More than 6,700 agreements submitted for procurement procedures include an anti-corruption clause and a beneficiary disclosure obligation for the counterparty

¹ Minutes No. 532/2023 dated 13 September 2023.

Anti-corruption policy aspect	Measures taken in 2023
Joint corporate efforts to prevent and combat corruption	Rosseti Kuban PJSC's declaration of compliance with the Anti-Corruption Charter of Russian Business was updated and sent to the Chamber of Commerce and Industry of the Russian Federation (Certificate of Accession No. 2319 dated 24 September 2015); information on the declaration was updated on the Chamber of Commerce and Industry of the Russian Federation website
Combating bribery of foreign public officials and officials of public international organisations	The Company received no reports on bribery of foreign public officials and officials of public international organisations from representatives of state authorities and law enforcement bodies of the Russian Federation, international and other organisations in 2023
Legal education and development of law-abiding behaviour, counselling and training for employees	<p>The Company continuously updates its legal framework and takes all the necessary measures and anti-corruption procedures to instil zero tolerance to corruption in its employees.</p> <p>Over 2023, 700 employees of the Executive Office and branches of Rosseti Kuban underwent entry training under a programme on preventing and combating corruption.</p> <p>In November 2023, all employees of Rosseti Kuban, PJSC who have labour relations, except for those who received training in 2023, received repeated training and screening testing on the course "Preventing and Combating Corruption in the Rosseti Group" through the corporate educational portal of Rosseti, PJSC.</p> <p>The Company modified its Territory without Corruption stand to increase the efficacy of awareness, education, and other initiatives designed to combat corruption.</p> <p>Along with the representatives of the Corporate Governance Department and Security Department of Rosseti, the representatives of the Company participated in the meetings of the working group, in the meeting of Rosseti Central Commission on Compliance with Corporate Ethics and Conflict of Interest Resolution, in the end-of-year meeting</p>

For 2024, the Company scheduled to approve and put in place its Annual Anti-Corruption Plan and to enhance the following mechanisms:

1

Identification and clearing of conflict of interests

2

Compliance with anti-corruption procurement standards

3

Prevention of corruption in interaction with partners and subcontractors

ECONOMIC SECURITY OF OPERATIONS

Ensuring the economic security of operations is one of Rosseti Kuban's most important tasks.

In the reporting year, to achieve this task, the Company was involved in:

- Protecting the Company's interests against external and internal threats of an economic nature
- Combating the unaccounted electricity consumption and an increase in accounts receivable
- Interacting with law enforcement and supervisory authorities
- Checking up:
 - Whistleblowing reports of individuals and legal entities
 - Potential and existing subcontractors of the Company, their business reputation and financial position, and to identify and prevent possible unfair practices on their part

- People recruited in terms of the credibility of their documents and the existence of compromising information about them

The most significant results of economic security activities of the Company in the reporting year:

- RUB 3.8 billion in damage caused by the failure of the Company's counterparty to fulfil its contractual obligations was compensated
- The Company developed a practice of countering illegal encroachments by unscrupulous applicants for grid connections (splitting of land plots, using front persons, etc.)
- The amount of damage prevented in 2023 is 6% more than in 2022

- The process of engaging third-party service providers to recover doubtful and bad debts under enforcement documents was initiated due to the growing number of enforcement documents on debts for electricity transmission services.

3.8 RUB bln

in damages due to non-fulfilment of contractual obligations by the Company's counterparty recovered

Key performance indicators related to economic security of Rosseti, Kuban, PJSC in 2021–2023

Indicators	2021	2022	2023	Change 2023/2022 (%)
Number of audits carried out with the involvement of security divisions in the area of financial and economic activities to detect, prevent and recover (repay) damage	9,771	10,396	2,347	Decrease by 4.4 times (the deviation is due to changes in the grid reporting methodology)
Anti-corruption control of the stages of procurement activities (review of analytical notes, issues submitted to meetings of the Central Procurement Body (Central Tender Commission), anti-corruption expertise of draft agreements, check of procurement participants for possible affiliation with Company employees)	2,124	2,211	1,960	-11.4%
Number of considered reports about possible corruption and fraud received through the hotline	21	11	17	+54.5%
Material damage prevented, based on the results of the work completed, RUB mln	132.20	284.06	302.29	+6.4%
Share of security personnel trained in the Company's human rights policy or specific security procedures and their application, %	29	34	28	-6 p.p.