



APPROVED BY
Resolution of the Board of Directors of
Moscow United Electric Grid
Company, PJSC
of 29 April, 2016
(Minutes No. 287
of 30 April, 2016)

Purchasing Policy of PJSC ROSSETI

Moscow, 2016

Purchasing Policy of PJSC Rosseti

I. General Provisions

- 1.1. This Purchasing Policy (Uniform Purchasing Policy) sets forth principles, targets, objectives and rules of the organization and conduct of purchasing activities of PJSC Rosseti (hereinafter referred to as the Company) and subsidiaries and affiliates of PJSC Rosseti (hereinafter referred to as the Subsidiaries and Affiliates).
- 1.2. Purchasing activities of the Company and its Subsidiaries and Affiliates shall be carried out in accordance with the requirements of the applicable laws of the Russian Federation, this Policy, Statutes of purchasing and other regulations of the Company and its Subsidiaries and Affiliates governing the planning, organization and conduct of purchasing and conclusion and performance of contracts.
- 1.3. This Policy is a basic document in purchasing activities for the Company and its Subsidiaries and Affiliates. The key targets, objectives, principles and regulations of purchasing activities set forth in this Policy have priority over other internal documents governing purchasing activities.
- 1.4. The Uniform Purchasing Policy of PJSC Rosseti has been developed and applies as an integral part of the Investment Policy of PJSC Rosseti governing the functional area of Purchasing.

II. Strategic Goal of the Uniform Purchasing Policy of PJSC Rosseti

- 2.1. The strategic goal of the Uniform Purchasing Policy of PJSC Rosseti is to supply the Company and its Subsidiaries and Affiliates with goods, works and services of requisite quality at an optimal purchase price by implementing Uniform Purchasing Standards in the power industry and organizing in PJSC Rosseti and its Subsidiaries and Affiliates the information exchange of data in all stages of purchasing (including exchange between e-trading sites).

III. Key Principles of the Uniform Purchasing Policy of PJSC Rosseti

3.1. Key principles of the Company's Uniform Purchasing Policy are:

- Purchasing transparency, that is provision for transparent purchasing activities in accordance with the requirements of applicable laws, to the extent required and sufficient for potential counteragents to make decisions on participation in the Company's purchasing procedures.
- Equality, justice, non-discrimination and no unsubstantiated restrictions on competition in respect of purchasing participants: suppliers and contractors are selected by competition on the basis of equal competitive opportunities, non-discrimination and no unsubstantiated restrictions on competition in respect of purchasing participants, in accordance with substantiated requirements on potential participants of purchasing procedures and commodities, works and services to be purchased.
- Target-oriented and economically efficient spending of funds for purchase of goods, works and services and implementation of measures intended to reduce customers' costs: selection of quotations considering the entire range of previously stipulated price and non-price criteria determining the economic and other required efficiency of a purchase.
- Transparent and manageable purchasing activity: planning, registration, monitoring, supervision and audit of purchasing activity in all its stages in the Company (Subsidiaries and Affiliates).
- Professionalism and competence of employees taking part in the purchasing activities of the Company and its Subsidiaries and Affiliates: personal responsibility of officers for the efficient organization of purchasing procedures and decisions made on purchases to be made. Impeccable implementation of measures prescribed by the documents governing purchases.

IV. Key Objectives Pursued by the Purchasing Activities of PJSC Rosseti

- Careful planning of the needs of the Company and its Subsidiaries and Affiliates in goods, works and services;
- Ongoing analysis of the market to achieve a reasonable level of competition among potential suppliers, contractors and counteragents;
- Efficient use of the funds of the Company and its Subsidiaries and Affiliates for the purchase of goods, works and services;
- Implementation of market mechanisms, principles of competition, openness and transparency when making purchases;
- Implementation of measures intended to reduce purchasing costs including the development of information technologies used in the purchasing activities by the Company and its Subsidiaries and Affiliates, use of a uniform methodological base in making purchases;
- Development and adoption of Uniform Purchasing Standards for the Company's Subsidiaries and Affiliates (Purchasing Statute), approval of the Uniform Purchasing Standards by all Subsidiaries and Affiliates of the Company by managing bodies of the Subsidiaries and Affiliates making requisite decisions, if the Company is authorized to determine decisions made by managing bodies of its Subsidiaries and Affiliates having relevant authority in accordance with the laws of the Russian Federation and statutes of association of Subsidiaries and Affiliates in accordance with the procedures set forth in the statutes of association and internal documents of Subsidiaries and Affiliates;
- Organization in PJSC Rosseti and its Subsidiaries and Affiliates of information exchange in all purchasing stages (among other things, between e-trading sites);
- Optimization of the Company's purchasing system on the basis of advanced expertise;
- Orientation towards interaction with manufacturers when equipment is supplied;
- Orientation towards making long-term contracts with fixing of individual prices for the entire effective term of a contract;

- Promotion of a positive image of the Company (Subsidiaries and Affiliates) as a purchaser of goods, works and services.

V. Expected Purchasing Results

- greater opportunities to take part in purchasing and encouragement of such participation, development of honest competition;
- prevention of corruption and other misuse in purchasing;
- formation of commercially substantiated prices of products purchased by customers;
- implementation of the Uniform Purchasing Standards in the Company's group of companies;
- organization in PJSC Rosseti and its Subsidiaries and Affiliates of information exchange of data in all purchasing stages (from the planning of needs to the issue of reports on procedures implemented);
- reduction of labor consumption in the course of purchasing by computerizing the purchasing procedure.

VI. Purchasing Obligations

6.1. To implement the Uniform Purchasing Policy, the Company assumes the following obligations:

- to abide by the provisions of this Policy in its activities;
- to apply a combined approach to achieving purchasing goals;
- to identify and keep on improving the key purchasing processes while raising the efficiency of the purchasing system as it is created;
- to secure requisite resources for achieving purchasing goals;

- to provide for the efficient measuring, analysis, monitoring and supervision of purchasing processes including rating in accordance with the Regulations for assessment of purchasing results of Subsidiaries and Affiliates of PJSC Rosseti set forth in Appendix 1;
- to promote the development of professional skills and higher qualification of purchasing personnel;
- to promote the understanding by employees, partners and suppliers of the key purchasing goals and objectives and their participation in achieving them;
- to conduct at least once in two years monitoring of conformity of this Policy to the requirements applying to purchasing activities with account of changes in external and internal factors affecting the Company's business; based on monitoring results, if required, to update this Policy.

VII. Adoption of the Uniform Purchasing Policy of PJSC Rosseti

- 7.1. Adoption by the Company's Subsidiaries and Affiliates of this Uniform Purchasing Policy shall be effected by a body having relevant authority in accordance with the laws of the Russian Federation and the statutes of association of the Company's Subsidiaries and Affiliates.
- 7.2. This Uniform Purchasing Policy shall be published in the official website of the Company and the official websites of the Company's Subsidiaries and Affiliates (after it is approved by managing bodies of Subsidiaries and Affiliates as an internal document of the Subsidiaries and Affiliates).
- 7.3. Amendments in this Uniform Purchasing Policy shall be published in the Company's official website and shall be binding upon the Company's Subsidiaries and Affiliates upon expiration of 30 (thirty) days after the amendments are approved by the Board of Directors of PJSC Rosseti, unless otherwise stipulated by the resolution on making such amendments.