

Appendix # 14  
to the decision of the Board of  
Directors of IDGC of Centre  
Minutes dated 01.03.2013 # 03/13

**THE CODE OF CONDUCT**  
**Interregional Distribution Grid Company of Centre,**  
**Joint Stock Company**

**Moscow**  
**2013**

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## Terms and definitions

In this Code the following terms, definitions and abbreviations are used.

Business partners	Customers, suppliers, and also the third parties with which business relations are established
Subsidiaries and associates	Affiliated and dependent companies, stocks (shares) of which are owned by the Company
Office holder	The person who exercises management or administrative and executive functions or holding a management or administrative and executive post in state structures, local governments, state and municipal authorities, state-owned corporations (including companies in which the state possesses controlling block of shares), state pension and insurance funds, and also military formations of the Russian Federation, including office holders, public job holders and employees of bodies of municipal formations, and also persons occupying state posts of the Russian Federation and subjects of the Russian Federation
Code	The Code of Conduct of IDGC of Centre - an internal document of the Company confirmed by management bodies of the Company according to their competence
Commission	The Commission on observance of norms of corporate governance and settlement of the conflict of interests
Company	IDGC of Centre, JSC
Competitors	Organisations with which the Company competes in certain markets
Material valuables	Gifts, invitations to events, payment of transport and other expenses and services, transferred directly or indirectly: (a) by the third parties to employees or members of their family, or legal persons in which the specified physical persons are shareholders (participants, founders); or (b) by employees to Office holders, Business partners or Competitors or members of their family, or legal persons in which the specified physical persons are shareholders (participants, founders)
Employees	Workers (connected with the Company by means of any contractual relations, including temporary), members of the Company's management and control bodies
Top-managers (senior managers)	Office holders of the Company whose list is determined according to internal documents of

the Company

## I. Introductory provisions

This Code of Conduct of IDGC of Centre is an internal document of the Company and determines the main norms and rules of individual and collective behaviour of all without an exception Employees, members of the Company's management and control bodies.

This Code represents the body of principles, norms and rules of intracorporate conduct, social responsibility and other questions of business ethics accepted for Employees, members of the Company's management and control bodies.

Provisions of this Code are based on provisions of the Articles of Association of IDGC of Centre, requirements of the acting Russian legislation, principles of corporate governance of the Organization of economic cooperation and development, and also the standard norms of business ethics taking into account requirements of the Russian and foreign norms and regulations determining the advanced practice of corporate governance, including the Social Charter of the Russian Business, Order of the Federal Commission for the Securities Market «About the recommendation to application of the Code of Corporate Conduct» from 04.04.2002 # 421/r.

This Code is aimed that any management decision or action to be performed in strict compliance with the legislation of the Russian Federation and observance of the standard ethical principles in business practice.

The provisions of this Code should be distinct and clear for all its Employees, however the Code cannot give exhaustive settlement of all questions, concerning ethics of corporate conduct which can arise in the Company. In case any question is not settled by this Code, and also at origin of disputable situations when the Employee has questions or doubts concerning correctness of his or her actions, actions of his or her colleagues or correct understanding of the provisions of this Code, he or she should refer to the immediate supervisor or the Commission.

The goals of this Code are creation of steady corporate culture and a system of corporate values, confirmation of invariable readiness of the Company to follow high standards of business behaviour, including:

- increase and protection of business reputation of the Company;
- increase of investment appeal of the Company;
- regulation and streamlining of corporate conduct of Employees in difficult and ambiguous situations from the point of view of observance of principles of ethics, honesty and conscientiousness;
- increase of level of corporate culture.

The main goals of the Code are:

- assistance to achieve strategic targets of the Company;
- effective dialogue with investment community; orientation of Employees to uniform corporate values and increase of corporate culture of the Company;
- understanding and application of intracorporate ethical standards by Employees in daily activity;
- prevention of conflicts of interests, and also their effective settlement in case of origin;
- fast adaptation of new Employees to working process and working conditions in the Company.

Accepting, periodically improving and strictly observing the provisions of the Code, the Company confirms the intention to promote development and enhancement of the business behaviour based on principles of ethics and responsibility.

In case of accepting new or changes of acting regulatory legal acts and other documents, the Code, before entering respective alterations and additions, acts in a part that does not contradict them.

The Code appeals for generation of a value system of the Company, determining business behaviour and forming reputation of the Company.

Employees of the Company are obliged to be guided in their activity with the contained in the Code principles and behaviour rules. Thus the Company expects from all its subsidiaries and associates and also from Business partners actions according to the main principles of this Code. The Company should aspire to conclude contracts with Business partners, which do not contradict the principles established in this Code.

Top-managers of the Company should be an example of exemplary behaviour for other Employees concerning observance of the provisions of this Code.

The Code of Conduct of the Company should be applied by Employees of the Company both in the territory of Russia, and abroad taking into account cultural, social and economic distinctions, characteristic to the countries and regions, where the Company performs (plans to perform) the activity.

Non-observance of requirements of this Code can cause application of summary punishments, and also measures of administrative, civil-law and criminal liability as provided by the current legislation.

## **II. Mission and values**

IDGC of Centre is an operating company performing activity in two main markets: in the market of electric power transmission and distribution, and also in the market of grid connection (connection of customers to electric networks of 0.4-110 kV). The Company's role and mission are connected with expectations of the main participants of the market from it:

- for investment community the Company is a tool of investments which is aimed on provision of their return, reliability, profitableness and liquidity;

- for consumers the Company is a company aimed at quality rendering of services, quality and reliable electricity supply, timely and transparent grid connection to electric networks;

- for regions and local governments – the company fulfilling the requirements of economy in transmitting capacities; a reliable partner of executive authorities of subjects of the Russian Federation in planning and realisation of regional programs of territorial development, a diligent taxpayer and employer;

- for Employees – a diligent employer, an effectively organised company having a transparent and clear system of corporate governance, giving a possibility for the maximum developing of potential of Employees.

The Company's mission consists in provision of reliable and qualitative supply of electric energy to satisfy growing requirements of economy and social sector on economically justified payment of consumers for rendered services.

### **Main corporate values of the Company**

#### **Efficiency**

The main strategic target of the Company is achievement and maintenance of the status of a modern highly effective and socially responsible Company as estimated by key interested persons. The Company realises the obligations before shareholders, investors and partners in this connection the Company's activity efficiency is its base value. IDGC of Centre aspires to continuous increase of profitableness of the activity, which is promoted by strategic initiatives of management and control bodies, senior management and shareholders of the Company. Work in the Company assumes high productivity of Employees' activity that promotes preserving and constant increase of its competitiveness.

#### **Social responsibility**

IDGC of Centre is a socially responsible company, which pays much attention to questions of labour protection, safety, ecology, realisation of social programs. IDGC of Centre, as one of the largest employers and taxpayers of the Russian Federation, sees its role in maintenance of steadily

high level of economic development of subjects of the Russian Federation and population employment.

### **Human capital**

The key resource in the Company's activity is its Employees thanks to whom the Company creates, keeps and increases greatly its value for a long term. One of priority areas of business of IDGC of Centre is preserving and development of personnel potential, creation of a well-consolidated, socially protected, creative and motivated labour team, improvement of working conditions and rest, increase of safety of work of Employees according to the advanced world standards.

### **Cooperation**

The Company recognises the rights of all interested persons provided by the current legislation, and aspires to cooperate with such persons with a view of ensuring the development and financial soundness.

### **Ethics**

The Company performs the activity on the basis of principles of professional etiquette, honesty, justice, decency.

### **Legality**

All actions of Employees of the Company, members of management and control bodies are performed in strict compliance with the legislation of the Russian Federation and internal documents of the Company. The Company creates the information environment with conditions, sufficient for acquaintance of all Employees with standard and legal base of the Company.

### **Safety**

The Company performs the activity with observance of safety requirements of work, industrial safety and preservation of the environment.

## **The main ethical principles forming appropriate business conduct of Employees of the Company**

### **Conscientiousness**

The Company makes all efforts for prevention of any situations in which personal interests of Employees or interests of the Managing organisation can appear in the conflict to interests of the Company. Any abuse of ex-officio full powers for own benefit or for benefit of the third parties, or to the detriment of the Company and its shareholders must be excluded.

### **Honesty and objectivity**

All management decisions and actions of Employees of the Company are characterised by honesty, openness and objectivity. The prejudiced relation both to the job responsibilities, and to colleagues is not allowed.

### **Professionalism**

All business relations of employees of the Company should be performed on the basis of high professional standards, correspond to business practice and not contradict the law.

### **Image and reputation**

Management decisions and actions of Employees should correspond to the goals of maintenance of positive image of the Company. Employees direct their efforts to prevention of situations when their actions can negatively influence business reputation of the Company and its subsidiaries and associates.

### **Transparency**

Activity of Employees is aimed on information openness with provision of all stakeholders with authentic complete and objective data on the activity under condition of observance of a principle of confidentiality, if necessary and it does not contradict the legislation.

### **Confidentiality**

Employees provide protection of any confidential information, loss (leakage) of which can cause damage to the Company (including the information constituting commercial secret, and the insider information) taking into account requirements of the legislation on information disclosure.

### **Integrity**

The Company's personnel is a single team uniting their efforts for achievement of strategic targets of the Company and increase of its economic, personnel, and innovative potential. The Company's achievements are a merit of each Employee of it. Each Employee bears responsibility for the Company's failures.

### **Respect**

The Company follows principles of respectful relation to associates and decency. The respect and trust allow us to raise overall performance, having lowered bureaucratic and administrative barriers, remaining a dynamical and effective team. Each Employee, irrespective of a post, goes with understanding and respect for his or her colleagues.

### **Responsibility**

Each Employee bears responsibility for the actions and decisions and has no right to transfer responsibility on other Employees. At the same time all Employees jointly bear moral responsibility before consumers, federal and regional authorities for quality and reliable power supply of consumers.

## **III. Intracorporate conduct principles**

The Company considers human capital as a key resource, development and maintenance of which is a determinative of successful performance of the Company. All Employees of the Company are provided with possibilities for effective realisation of labour tasks, professional development and career growth. The Company aspires to create working conditions promoting the maximum realisation of creative potential of Employees of the Company.

Each Employee of the Company is a face of the company, with his or her work and behaviour supporting its reputation and prestige.

Public image of the Company is in many respects determined by behaviour of its Employees. At accomplishment of the obligations each Employee is obliged to remember influence of the actions on reputation of the Company. Publicly expressing personal opinion, the Employee should not refer to the Company's position, its subsidiaries and associates in this point in question and as a whole, should abstain from the public statement of opinion which can harm the Company, contradict the legislation of the Russian Federation, this Code, other internal documents of the Company, and also in case of absence of necessary powers with him or her.

The Company provides equality of possibilities. The Company excludes discrimination possibility on racial, sexual, political, religious, national and world outlook features. All employees should co-operate among themselves on principles of mutual respect, with attention to the right to protect private life and human dignity. The Company provides to Employees personal immunity (physical and psychological) at accomplishment of their labour obligations.

Requirements or threats for the purpose of compulsion of the Employee to fulfill their actions contradicting the legislation, this Code or other internal documents of the Company, and also the conventional principles of business ethics and morals are inadmissible.

Relations of the Company with Employees rely on principles of long-term interaction, respect and accurate execution of mutual liabilities.

The Company's effective functioning relies on determination of responsibility and duties of Employees, minimisation and effective resolution of conflicts of interests.

The Company considers development of personnel potential as one of bases of long-term and sustainable development, corporate culture enhancement and strengthening in the Company and is aimed to create with each Employee a feeling of participation in realisation of the Company's mission and strategic tasks, facing it.

The Company supports aspiration of Employees to develop their professional qualities for achievement of outstanding performance of activity of everyone and the Company as a whole. The Company regularly holds events for human resources estimation and development, including their activity estimation, testing of professional knowledge, internal and external training, carrying out of internal seminars, participation of Employees in international conferences and round tables etc. are regularly carried out

The Company pays constant attention to questions of health protection of Employees of the Company and safety of conditions of their work and aspires to accomplish all applicable norms and requirements in the field.

The main qualities of each Employee of the Company are professionalism, responsibility, resoluteness, initiative, aspiration to development, honesty, openness, justice and observance of high level of corporate culture. Special value for the Company is ability to work in a team that does not release Employees from individual liability for infringement of the norms provided by the Code. Relations between all Employees of the Company are equal in rights.

At the problem resolution, arising in working process, Employees of the Company, first of all, are guided by the legislation, this Code and other internal documents of the Company, taking into account interests of the Company, principles of conscientiousness and justice.

The Company forbids protectionism. The Company does not welcome replacement of posts of all levels of management by persons who are in close relationship, in a case if it is connected with direct subordination or submission to control over one of them by another, in particular:

- senior managers' posts determined by the decision of the Board of Directors;
- in the presence of direct submission or if activity of such persons is connected with the control and disposal of financial and material resources of the Company.

Employees undertake not to allow humiliation of the person and a professional image of their colleagues. Employees undertake to show reasonable care that their actions not to harm other Employees, to follow the legislation requirements, including on ecology, labour protection, safety and the standard norms of ethics.

The Company welcomes various forms of interaction and dialogue of Employees – joint project implementation, discussion and solution of working questions, development of new directions of development, and also joint holding of cultural and sports events.

The Company forbids misconduct threatening reliability of work, including:

- not agreed decisions infringing interests of other Employees or interested persons;
- regular failure to perform and (or) poor-quality accomplishment of labour obligations, unorganizedness;
- disclosure of the confidential insider or constituting commercial secret information about the Company;
- being at a work place in a condition of alcoholic, narcotic or toxic intoxication;
- neglect or deliberate failure to meet requirements of labour protection and safety;
- any forms of discrimination and disrespectful relation to colleagues, Business partners or Competitors of the Company;
- any practice of corruption, plunder, deliberate damnification to corporate property and its Employees;
- damnification of reputation of the Company and (or) reputation of its Employees.

Employees of the Company are forbidden to give preference and advantages to Business partners, to accept money or Material valuables, to conclude contracts with the third parties for the

purpose of receiving personal benefit (in any kind) for the rendered services within the limits of execution of job responsibilities as the Employee of the Company.

The Company forbids deliberate falsification and (or) distortion of the information represented to users, reports and other documents.

Unreliable information distribution, concealment or distortion of the facts, use of data not for its intended purpose, received during the course of performance of the service duties in the activity, or at mutual relations with mass media, is not allowed.

None of Employees of the Company have any right to use the office position for the conflict situation resolution for his or her own advantage and (or) with benefit of himself or herself or the third parties connected with such Employee.

#### **IV. Principles of mutual relations with stakeholders**

##### **Development of partner relations with stakeholders**

In connection with high influence of trust of consumers and Business partners, and also other interested persons on the Company's activity, the Company gives particular attention to maintenance and development of steady and confidential mutual relations with interested persons both in a short-term and long-term run.

The Company values its business reputation and image. External relations of the Company are built on the basis of observance of principles of mutual respect, openness, conscientiousness and responsibility.

The Company adheres to a principle of neutrality concerning financial and industrial groups, state structures, political parties and associations. Thus the Company, performing the activity, aspires to conduct responsible business practice, being guided by the following provisions:

- realisation of the activity with observance of the ethical standards based on principles of integrity and justice, honesty in mutual relations with Business partners;
- non-dissemination directly or through the third parties of obviously false and unchecked information;
- corruption counteraction and eradication;
- diligent compliance with laws of the Russian Federation, internal documents of the Company, other applicable norms and rules;
- realisation of the Company's activity as a responsible taxpayer bringing the contribution to strengthening of financial stability of the Russian Federation;
- support of diligent competition;
- observance of human rights;
- non-admission of use of children's labour and involuntary servitude;
- non-admission of discrimination in any practice;
- observance of principles of fair pricing and advertising;
- respect of ownership rights, including rights to intellectual property.

##### **Fair competition**

Performing the activity in a noncompetitive sector of economy, the Company realises the responsibility for development of diligent competition and antimonopoly law observance. Abusing its position in the market is represented for the Company as unacceptable behaviour, which does not correspond to its corporate ethical principles and is capable to undermine stability of financial and economic condition of the market.

Performing purchasing activity, the Company is guided by principles of openness of the market and diligent competition. It is forbidden to collude or to perform agreed actions limiting diligent competition. At interaction with participants of purchasing procedures Employees are obliged not to receive or distribute the information, which can become a basis for estimate judgement about the Company's current or future decision to choose a contractor or a supplier. At

interaction with participants of purchasing procedures Employees are obliged to follow the rules and instructions established by corresponding local regulations, regulating the purchasing activity.

In the presence of doubts in conformity of those or other actions with the antimonopoly law the Employee is obliged to contact the legal division immediately.

### **Corruption counteraction**

Corruption represents abusing by the Employee the powers or trust, which has been assigned to such person by the Company, at which such Employee wishes to use the available power or powers for compensation or granting of Material valuables.

Employees of the Company have no right to demand or accept compensation or other Material valuables on their own behalf or for benefit of the third parties for accomplishment of the job responsibilities, or in exchange for granting of advantages at purchasing of goods or services, except as specified by this Code or the current legislation of the Russian Federation.

Employees should never accept expressly or by implication bribes, commission from the transaction, and also any other Material valuables or benefit from other Employees or the third parties for performance of duties, which they should carry out according to the employment contract or any other agreement with the Company.

Legislation infringement in the field can entail imposing of penalties, attraction of guilty Employees to administrative or criminal liability.

Bases and principles of the Company's anticorruption activity are determined by this Code and the Company's Anticorruption Policy (as the appendix to this Code).

### **Transfer and receipt of Material valuables**

At interaction with Business partners and Competitors, and also state and (or) public organisations and Office holders Employees have the right to accept or give Material valuables if such actions correspond to usual business practice, do not imply to affect decision making and do not make similar impression and if it promotes improvement of the Company's image, and also is aimed on presentation of the Company's activity and establishment of strong business relations.

At receipt or transfer of Material valuables during interaction with Business partners, Competitors, and also state and (or) public organisations and Office holders it is necessary to be guided by the provisions of this Code.

In doubtful cases before receipt or transfer of Material valuables the Employee is obliged to obtain the permit of the immediate supervisor and (or) the chairman of the Commission. Even if the fact of receipt/transfer of Material valuables does not contradict this Code, such actions can be connected with tax consequences concerning the Company and the given Employee. It is necessary to solve beforehand any questions and (or) to settle doubts with the immediate supervisor and (or) the chairman of the Commission.

Under no circumstances the Employee at interaction with Business partners and Competitors, and also state and (or) public organisations and Office holders has any right to demand transfer of Material valuables to him or her.

Employees at interaction with Business partners and Competitors, and also state/public organisations and Office holders have the right to transfer and (or) to receive gifts in not monetary form and other Material valuables if they have reasonable cost, not beyond usual business practice of the donator or the receiver.

Before direct transfer to the persons of the Material valuables specified above which cost is beyond a symbolical gift, the Employee is obliged to obtain the permit of the immediate supervisor and (or) the chairman of the Commission.

Transfer of expensive Material valuables is allowed in exceptional cases when such gifts are usual business practice and are not prohibited by the legislation of the Russian Federation: in each such case the permission of the immediate supervisor or the chairman of the Commission is required.

In cases of receipt by the Employee from the persons specified above a gift in not monetary form, beyond the usual business practice, which cost exceeds reasonable, the Employee is obliged to report to the immediate supervisor and (or) to the chairman of the Commission.

#### **Attraction of intermediaries**

Integral part of successful presence of the Company in a number of markets is interaction with brokers, agents, advisers (hereinafter jointly referred to as "intermediaries"). On the other hand, participation of such third parties can be used for concealment of illegal payments and evasion of laws on corruption counteraction. At choice of intermediaries, the conclusion of contracts with intermediaries and their instructing it is necessary to observe completely all requirements of the legislation and this Code, and also internal regulations and instructions in order to avoid creation of incorrect impression about the purposes of interaction with such intermediaries.

Contracts about intermediary services should be entered only with those persons or companies who are capable to confirm the competence and availability of corresponding work experience. Intermediaries are selected on the basis of the purchasing procedures established by internal documents of the Company, selection process is accurately documented.

Contracts about intermediary services are entered in writing and in detail describe services which should be rendered. Rate of commission should correspond to rendered services.

#### **Selection of suppliers**

Selection of suppliers is carried out with use of the purchasing procedures established by internal documents of the Company.

Each Employee who participates in selection of suppliers and has personal interest, which can influence the selection process, is obliged to notify the immediate supervisor and the Commission about it.

Any Employee has no right to conclude in personal interests contracts with the supplier of goods, works, services with whom he or she conducts business relations on behalf of the Company, in the absence of the corresponding permission of the immediate supervisor.

#### **Charity and donations**

The Company realises its social responsibility, in this connection it expresses readiness to support on a non-paid basis noncommercial activity by means of charity and donations, observing norms of the current legislation.

Noncommercial activity includes scientific, cultural, social, and sports projects. Donations are made both in monetary, and in not monetary form and go only for maintenance of the noncommercial activity, which does not contradict the legislation.

Before entering a donation on behalf of the Company it is necessary to receive the permission of the Commission, corresponding office holders and Company's management bodies according to their competence and in the order provided by internal documents of the Company and the current legislation.

#### **Sponsor support**

Sponsor support represents contractual partner relations with the organisation or the organizer of an event at which the company gets certain rights and advantages promoting marketing communications and marketing goals, in exchange for the agreed amount of financial support.

Such actions include, in particular, creation of reputation and development of a brand and image of the Company. At the conclusion of agreements on rendering of the sponsor support it is necessary to make sure that there is a direct connection between the means allocated by the sponsor and an economic target of the sponsor's activity. In particular, it is forbidden to render any

sponsor support in exchange for a service of the Office holder or accepting a certain decision by a representative of another company.

Before rendering the sponsor support it is necessary to receive the permission of the Commission, corresponding Office holders and Company's management bodies according to their competence and in the order provided by internal documents of the Company and the current legislation.

### **Interaction with shareholders**

The Company as a commercial organization, the main objective of which is profit making, performs the activity taking into account interests of the shareholders investing their money funds in the Company's share. The Company aspires to maintain effective dialogue with the shareholders, based on solidarity of goals of the Company and its shareholders. Shareholders of the Company possess a set of the rights concerning the Company, observance and protection of which should be provided by the Board of Directors and executive powers of the Company. The Company's shareholders' rights are regulated by norms of the current legislation, provisions of the Articles of Association and internal documents of the Company.

With a view of provision of real possibility of realisation of the rights by the Company's shareholders the Company regularly and in due time gives to shareholders of the Company complete and trustworthy information on various questions, including the Company's activity, dividend payout, the agenda of Shareholders' general meeting of the Company, and also on other questions.

Employees of the Company are obliged to be respectful and attentive to questions of shareholders, to promote solving their problems which have arisen with the shareholder connected with realisation of his or her legitimate rights. In case of request of the shareholder of the Company directly to the Employee, the Employee should recommend to the shareholder to refer to the division of the Company which is responsible for interaction with shareholders.

At interaction with shareholders the Company aspires to prevent and settle in a fair way possible corporate conflicts between the Company and its shareholders. Thus the Company should provide observance and protection of shareholders' rights and protection of business reputation of the Company, and also to observe requirements of the legislation and internal documents of the Company.

### **Interaction with investment community**

The Company aspires to growth of its investment appeal at the expense of the effective and productive activity, increase of information transparency and maximisation of market value of the Company's securities.

The key driver of interaction with the investment community is provision of timely disclosure of objective, authentic and consistent information on the Company's activity, and also provision of active dialogue with investors and analysts within the limits of requirements of the applicable legislation. The Company prepares and in due time lets the investment community know all information which is capable to make essential impact on value of the Company's securities, including the financial reporting, the information on material facts, lists of affiliated persons, quarterly reports, and also annual statements about the Company's activity.

The Company grants equal access to the information for all investors (without provision of advantages of access for separate groups of investors).

### **Mutual relations with subsidiaries and associates**

The Company performs mutual relations with subsidiaries and associates according to requirements of the legislation of the Russian Federation, the Articles of Association and internal regulations of the Company, charters of subsidiaries and associates. Corporate procedures in the Company at realisation of the shareholders' rights concerning subsidiaries and associates are built taking into account norms and requirements of the Company's Articles of Association, Corporate

Governance Code of the Company, charters of subsidiaries and associates, standards and regulations determining procedures of corporate governance.

General terms of corporate interaction of the Company and subsidiaries and associates are established by the Order of interaction of IDGC of Centre with economic companies, stocks (shares) of which are owned by IDGC of Centre.

The main objectives of interaction of the Company with subsidiaries and associates are:

- provision of stable financial development, profitableness of functioning, increase of investment appeal of the Company and subsidiaries and associates;
- provision of protection of the rights and interests of shareholders of the Company and subsidiaries and associates, protected by the law;
- harmonisation of relations between shareholders, Office holders and members of labour collectives of the Company and subsidiaries and associates, exclusion of origin of conflicts between them and within the specified groups;
- development and realisation of the co-ordinated and effective investment policy of the Company and subsidiaries and associates.

#### **Interaction with authorities, the public and mass media**

The Company builds up and supports respectful, constructive and transparent relations with representatives of public authorities, mass media and the public excluding conflict of interests and based on compliance with laws of the Russian Federation. The Company is convinced that forming of constructive dialogue with investors, consumers, public authorities along with measures on growth of the Company's information transparency will promote advancement of the Company and increase of its investment appeal.

The main principles of interaction of the Company with authorities, the public and mass media are:

- information disclosure according to acting legislation and Regulations for the Information Policy of IDGC of Centre;
- regular provision by the Company of actual as much as possible complete information, which objectively discloses all aspects of the Company's activity;
- provision of timely and complete answers to requests arriving in the Company.

#### **Participation in activity of political, religious and public organisations**

The Company does not limit participation of Employees in activity of political, religious and public organisations outside the normal working hours.

Religious and political preferences are the personal record of Employees and should not interfere with execution of the obligations by them and interaction with colleagues.

Employees of the Company, who take part in political, religious and public work, should not refer to the Company and should act as private persons.

Employees have no right to use resources, image and reputation of the Company at realisation of their political, religious and public work.

### **V. Information disclosure**

Information disclosure is an important element of forming the Company's image, which provides possibility to shareholders, investors and other interested persons of the Company to receive objective representation about results of the Company's activity, its plans and development directions.

The main goal of the information disclosure policy implemented by the Company is ensuring as much as possible high degree of trust of shareholders, investors, counterparties and other interested persons by granting to the specified persons the information on itself, its activity

and securities in volume, sufficient for accepting by the specified persons reasonable and weighed decisions concerning the Company and its securities.

The Company fulfils all requirements on disclosing the information established by the legislation of the Russian Federation, the Company, disclosing the information on itself, is not limited to the information which disclosing is provided by applicable legislation and standard legal acts, and in addition discloses other information which provides high degree of transparency of the Company and promotes achievement of goals the information policy implemented by the Company.

The main principles of information disclosure on the Company and its activity are:

- regularity and efficiency;
- availability of information;
- completeness and reliability of disclosed information;
- observance of the reasonable balance between disclosure and commercial interests of the

Company.

### **Confidentiality**

Information disclosure on the Company should provide observance of the reasonable balance between information transparency and security of commercial interests of the Company, its shareholders, and also consumers and Business partners of the Company. An obligation to ensure keeping confidential information lies on all Employees of the Company, members of management and control bodies, shareholders of the Company.

It is forbidden for Employees to disclose confidential information, insider information or information constituting commercial secret to the third parties both while working in the Company, and after end of their activity in the Company.

It is forbidden for Employees directly or indirectly to use confidential information for receipt of own benefit or benefit of the third parties, or to the detriment of IDGC of Centre both while working in the Company, and after end of their activity in the Company.

All Employees are obliged to accept all feasible measures for protection and security of confidential information, insider information or information constituting commercial secret.

### **Answers to inquiries**

With a view of formation and realisation of IDGC of Centre's uniform information policy Employees are obliged to report immediately to the press office and the division responsible for interaction with shareholders and investors about any inquiries received from representatives of mass media and investment community accordingly. At receipt of such inquiries Employees should recommend to refer to the press office or the division of the Company responsible for interaction with shareholders and investors. Thus they also have the right to specify how it is possible to receive publicly disclosed information on the Company (for example, on the Company's official website), but have no right to disclose the information which is not public, or the information in relation of which the Employee is not sure, whether it has been publicly disclosed.

Employees have no right to answer inquiries, to make statements, and also to express publicly the opinion in other forms in the absence of necessary powers, and also in a case when such action is or can lead to infringement of norms of the legislation, internal local acts of the Company, or can harm the Company.

### **Personal data protection**

The Company provides personal data protection of Employees, members of management and control bodies, shareholders according to the current legislation of the Russian Federation. All Employees are obliged to observe rules and instructions concerning personal data protection. In doubtful situations or in case of infringements it is necessary to contact the division and (or) the office holder who is responsible for personal data protection.

## **VI. Preserving the Company's assets and resources**

Each Employee should make thrifty use of the Company's property, rationally use its resources, protect the property entrusted to him or her from spoil, thefts, no-purpose and illegal use. The Company's assets represent a set of material, non-material, financial, human and information resources. All the Company's assets and property should be used only in interests of the Company and cannot be used for personal benefit of Employees. Employees should aspire to the expenditure cut, connected with the Company activity, including expenses on transport and lodging during business travels.

Employees are obliged to study internal documents of the Company and to follow the instructions stated in them about the proper handling with the Company's assets and property. In doubtful situations the Employee is obliged to refer to the structural division responsible for management of corresponding resources.

Employees of the Company are obliged to undertake necessary actions for protection of objects of intellectual property of the Company, including documenting and registration. The Company possesses exclusive privileges on any objects of intellectual property created by Employees within the limits of execution of employment duties by them. The misuse by Employees and the Company of objects of intellectual property, belonging to the third parties, is strictly forbidden.

## **VII. Environment, health and safety**

IDGC of Centre is a socially responsible Company which pays much attention to questions of labour protection, industrial and personal safety, ecology.

Each Employee bears responsibility for observance of the requirements aimed to ensure personal safety, and safety of colleagues and environment. It is necessary to observe all laws, rules, instructions and provisions on protection of environment and safety arrangements. Each head is obliged to instruct, support and supervise activity of Employees concerning observance of safety precautions and environment protection regulations.

Each Employee should follow the following rules:

- always to observe norms of safety and labour protection requirements, to follow them at their work places;
- responsibly to observe ecological safety, to take all measures necessary for reduction of negative influence of the Company's activity on environment.

Value of human life is above economic results and production achievements. Realising it, the Company supports the behaviour promoting improvement of health of Employees and members of their families. The Company constantly develops educational, organizational and ecological activity to decrease risks accompanying its activity.

The Company develops and applies resource saving technologies and consistently reduces influence on environment and the individual.

The Company develops and improves systems of safety and ecology, brings its contribution to business of protection and stable development of environment and supports efforts of the Russian and international public in this area.

## **VIII. Prevention of conflicts of interests**

### **General principles**

The Company recognises and respects variety of off-duty goals and interests of Employees. Thus both the Company and Employees aspire not to allow origin of situations at which the Employee is represented possibility to obtain material or other benefit for himself or herself personally, for relatives or other persons connected with him or her to the detriment of commercial, corporate or other interests of the Company.

The conflict of interests is a situation at which personal, professional, financial or other own interests of Employees, and also members of the Company's management and control bodies, contradict or can potentially contradict interests of the Company.

The conflict of interests, including, can arise at use of property, information or possibilities, regardless whether the Company could actually use them. For example, the conflict of interests arises, including, in cases, when the chief executive officer, members of management and control bodies of the Company or members of their families:

- except at the Company occupy posts in management or control bodies of other companies or organisations (including Business partners), in a case if interests of such companies or organisations do not coincide or can potentially not coincide with interests of the Company;
- compete with the Company or subsidiaries and associates (expressly or by implication, including by owning stocks of the competing company);
- own stocks of a company - customer or supplier of the Company, or are such a customer or supplier;
- conclude an agreement with the Company or subsidiaries and associates for the reason which has been not connected with execution of labour and other obligations in relation to the Company.

The cases, specified above at which there can be a conflict of interests, are not an exhaustive list. The conflict of interests can arise also in other cases at which contradiction of interests of the Company and its Employees originates or may arise.

In order to avoid conflict situations Employees undertake to observe the following rules:

- to perform their powers, functions and job responsibilities concerning the Company only proceeding from interests of the Company;
- not to participate in mutual relations with Business partners of the Company differently as in the course of business management on behalf of the Company;
- not to allow conclusion of transactions and origin of situations in which personal interests can enter into conflict or contradiction with interests of the Company;
- not to render influence on decisions of heads of structural divisions of the Company for the purpose of employment, relocation of Employees and getting new posts by them;
- not to participate in the decision making, concerning origin (change, termination) of business relations with an organisation which is a supplier of goods, works or services of the Company if an immediate relative of the Employee has labour relations or is a member of management or control bodies of the specified organisation;
- to provide complete and timely information disclosure of income, property and property commitment according to the applicable legislation and internal documents of the Company.

Each Employee is obliged to notify without delay the immediate supervisor or the Commission on any potential signs of conflict of business and personal interests.

The resolution of conflict of interests is made by the Commission or Board of Directors so that the possible damage from it for the Company's activity is minimum. The resolution of conflict of interests is made by the Board of Directors under the recommendation of the Audit Committee.

### **Prohibition on cooperation with Competitors**

Indirect or direct work in the company which is an indirect or direct competitor of the Company is not welcomed. In exceptional cases similar employment is admissible under condition of approval from the Commission. Any Employee has no right to trade on or with a view of the third party business possibilities of the Company.

### **Work out of the Company**

Work out of the Company is any additional activity as a member of management and control bodies, advisory and consulting bodies, a non-management Employee, and also in any other post in the company which does not perform activity in sphere of electric power industry.

Before any extra job in the organisation - Business partner of IDGC of Centre or other organisation with which the Employee co-operated during his or her work at the Company, the Employee is recommended to notify the human resources department of the Company or other bodies authorised by the Articles of Association and (or) internal documents of the Company.

Other additional employment, which can cause negative influence on performance indicators of the Employee, is allowed only after preliminary consultation of the head of the corresponding structural division at which the Employee works and the Company's human resources department.

In other cases before the beginning of additional employment Employees are recommended to notify the Company's human resources department.

#### **Essential financial investments**

Essential financial investments are understood as direct or indirect participation in this or that company at which any party owns more than one percent of stockholder equity/authorized capital stock of the company.

The Employee of the Company has the right to perform essential investments in a company-customer or company-supplier of IDGC of Centre or another company with which the Employee co-operated during his or her work at the Company, only after receipt of the preliminary permission of the Commission.

The Employee of the Company is obliged to report the Commission about all essential investments, made by his or her immediate relatives in the company-customer or company-supplier of IDGC of Centre or other company with which the Employee co-operated during his or her work at the Company, within 10 (ten) working days.

#### **Significant transactions**

Unless otherwise provided by internal documents of the Company, it is necessary to notify in advance the Commission on intention of Employees or their immediate relatives to acquire, lease a land plot, buildings or other assets which cost exceeds 500 000,00 roubles or an equivalent in any other currency (monthly cost in case of rent or leasing contracts), from the Company or subsidiaries and associates, or to sell, lease a land plot, buildings or other assets which cost constitutes more than 500 000,00 roubles or an equivalent in any other currency (monthly cost in case of rent or leasing contracts), to the Company or subsidiaries and associates, and also to receive corporate approval on such transactions.

The Commission should be notified on the Company's intention to give to the Employee or close members of his family loans, guarantees or letters of comfort not later than 10 (ten) working days before granting of a loan, guarantee or letter of comfort.

### **IX. Organization of work in the Company to follow the requirements of the Code**

The Company is convinced that following the provisions of the Code raises productivity of the Company's activity, and also promotes development of effective business ties with partners.

Employees of the Company are obliged to observe strictly norms and requirements of this Code.

For action or no action that violates the provisions of this Code or undermines reputation of the Company and its Employees, the Employee can be brought to disciplinary responsibility or other measures can be taken provided by the current legislation of the Russian Federation, and the issue of Employee's mismatch of staff member can be also raised.

In case of an ambiguity of the provisions of this Code or difficulties at their application in practice Employees are obliged to refer for an explanation to the immediate supervisor and (or) the chairman of the Commission.

#### **Observance of the requirements of this Code**

The chief executive officer of the Company provides implementation and observance of the requirements of this Code.

All Employees of the Company at their appointment, assumption of office, conclusion of labour and civil-law contracts with the Company are obliged to familiarise with this Code and confirm understanding of the provisions of this Code with their signature. Besides, all Employees of the Company are obliged at least 1 time a year to confirm understanding of the provisions of this Code according to internal procedures of the Company.

Employees are obliged to notify the immediate supervisor or the Commission on any infringement of this Code known for them.

The Company is always ready to consider offers of stakeholders on modification, additions in the Code if they are actual, correspond to the standard ethical standards and principles, and also do not contradict the current legislation of the Russian Federation.

Observance of the norms of the Code by the Employee of the Company is an important element for an all-round and objective estimation of his or her personal and professional and business qualities.

Each Employee of the Company in case of infringement of the provisions of this Code has the right to objective investigation of the deviations made him or her from the norms of the Code, and also has the right to receive results of the performed investigation and recommendations how to avoid similar infringements in the future.

The Commission's contact information should be granted in general access to all Employees in an electronic and printing kind (including in an internal network, on information bulletin boards, in personnel divisions etc.).

#### **The Commission on observance of norms of corporate governance and settlement of the conflict of interests**

With a view of the prevention of cases of origin of conflicts of interests at realisation of the Company's financial and economic activity and their settlement, and also with a view of effective realisation of the provisions of the Code of Conduct the Company creates the Commission on observance of norms of corporate governance and settlement of the conflict of interests. The competence and order of functioning of the Commission is regulated by the Regulation on the Commission.

The information received by the Commission on infringement of the provisions of this Code is considered confidential, and its safekeeping should be secured from unauthorized access of the third parties. The person, who has reported about infringement, has the right to receive the information on the course of consideration of its message.

The Company provides to the conscientious Employees, who have reported about infringements of the Code, non-admission of discrimination and other prosecution from someone's party. The Company does not consider anonymous messages about infringements of the Code. The Company warrants confidentiality at checks performance.

#### **Consequences of infringement of this Code**

Employees of the Company (Employees of the Managing organisation of the Company), who have broken the provisions of this Code and whose fault has been proven in the order established by the law, can be brought to summary punishments and other measures provided by the labour law, and also measures of administrative, civil-law and criminal liability according to the current legislation can be taken.

### **X. Final provisions**

This Code is approved by the Board of Directors of the Company and enters into force from the moment of its approval by the Company's Board of Directors. All changes and additions (approval of the Code in a new edition) are entered into the Code under a decision of the Board of Directors of the Company.

The Code is a publicly available document. The Company provides placing of the Code and all changes to it in constant access on the corporate website at the address: <http://www.mrsk-1.ru>.

The Company's activity is connected with responsibility before shareholders, the state, employees of the Company, suppliers, consumers and other interested persons. Understanding this responsibility and recognising importance of high level of corporate governance and conduct for successful business dealing of the Company and achievement of mutual understanding among all interested in the Company's activity persons, the Company assumes liability to follow in its activity the stated in the Code principles and to make all reasonable efforts for their observance in its daily activity.

## **The anticorruption policy of IDGC of Centre, JSC**

### **Introduction**

The anticorruption policy of the Company (hereinafter - the Policy) determines the goals of the Company in the field of counteraction to involving in corruption activity and observance of requirements of the applicable anticorruption legislation of the Russian Federation, and also the applicable anticorruption legislation in territories where interests of the Company and subsidiaries and associates are presented.

The Policy determines tasks, ways for their solution and main principles of counteraction to the Company involvement in corruption activity, and also methods of risk minimisation of involvement in corruption activity.

The purpose of the anticorruption policy - development and realisation of versatile and consecutive measures for prevention, elimination (minimisation) of reasons and conditions generating corruption, forming of the anticorruption consciousness, characterised by intolerance of management and control bodies, employees of the Company, representatives of the public, shareholders, investment community, counterparties and others stakeholders of the Company to corrupt practices.

The tasks of the Company's anticorruption policy are:

- forming at shareholders, investment community, counterparties, management and control bodies, employees uniform understanding of the Company's position about aversion of corruption in any forms and practices;
- risk minimisation of involvement in corruption activity by the Company's Employees, members of its management and control bodies;
- prevention of corruption practices and provision of responsibility for corruption practices;
- compensation of the harm caused by corruption practices;
- anticorruption monitoring about efficiency of accepted measures of an anticorruption policy;
- forming of anticorruption corporate consciousness;
- creation of a legal mechanism preventing bribery of subjects of the anticorruption policy;
- establishment of an obligation of employees of the Company to know and observe principles and requirements of the anticorruption policy, key norms of the applicable anticorruption legislation;
- creation of stimulus to replacement of posts in the Company by persons not inclined to corruption practices.

### **1. Legal and methodological fundamentals of the policy**

At drawing up this Policy the principles and norms were used from the following regulatory documents:

- The United Nations Convention against Corruption (accepted in New York on 31.10.2003 by Resolution 58/4 at 51st plenary session of 58th session of General Assembly of the United Nations, ratified by Federal Law of the Russian Federation dated 08.03.2006 # 40-FZ);

- The Criminal Law Convention on Corruption (concluded in Strasbourg on 27.01.1999 ETS N173, ratified by Federal Law of the Russian Federation dated 25.07.2006 # 125-FZ);
- Federal Law from June, 13th, 1996 # 63-FZ «Criminal Code of the Russian Federation»;
- Federal Law from December, 30th, 2001 # 195-FZ «Administrative Offense Code of the Russian Federation»;
- Federal Law from December, 25th, 2008 # 273-FZ «About corruption counteraction»;
- Decree of the President of the Russian Federation from March, 13th, 2012 # 297 «About National strategy of counteraction of corruption and National plan of counteraction of corruption for 2012-2013»;
- UK Bribery Act 2010, which came into force 01.07.2011.

Methodological fundamentals of the Policy are:

Recommendations of the Ministry of Justice of Great Britain about creation and introduction of a system of appropriate procedures of conformity to the norms of the Law of Great Britain UK Bribery Act 2010, published on March, 30th, 2011;

Recommendations of the international organisation Transparency International the 2010 UK Bribery Act Adequate Procedures Guidance on good practice procedures for corporate anti-bribery programmes;

ICC Rules on Combating corruption;

Transparency International Anti-corruption Plain Language Guide 2010.

Realisation of the accepted policy is performed according to the legislation of the Russian Federation.

## **2. Main principles of counteraction to involvement in corruption activity**

### **Aversion of corruption in any forms and practices**

The Company adheres to a principle of aversion of corruption in any forms and practices at realisation of the activity. The principle of aversion of corruption means a strict prohibition for employees, members of management bodies of the Company and other persons acting on behalf of the Company or in its interests, expressly or by implication, personally or through any intermediary to participate in corruption actions regardless of the business dealing practice in this or that country.

The Company underlines inadmissibility of corruption actions, including display of the conflict of interests both concerning representatives of the state, public institutions, private companies, politicians and other third parties, and concerning employees of the Company by means of abusing office position for the purpose of getting any personal benefit.

In case of origin of doubts in legitimacy of the actions and their conformity to the requirements of this Policy, the employee should consult on this point in question with the immediate supervisor or the Commission.

The Company reserves the right to itself to give to publicity the information on the persons who have broken the requirements of the applied legislation and this Policy.

### **Inevitability of punishment**

The Company declares the irreconcilable attitude to any forms and practices of corruption actions at all levels of corporate governance, investigates all reasonably justified messages of infringements of appropriate procedures on counteraction to involvement in corruption activity and holds liable those guilty regardless their post, term of work, status in the Company and other mutual relations with it in the order established by the legislation and local normative documents of the Company.

The Company puts all possible reasonable and lawful efforts for as much as possible fast, inevitable restraint of violations.

The Company reserves the right to itself to give to publicity the information on the persons who have broken the requirements of the legislation and this Policy.

### **Legality**

The Company strictly observes the legislation of the Russian Federation and other countries which norms are applied to the Company, and any action or failure to act of the Company, including in the field of counteraction to involvement in corruption activity, does not contradict the norms of the applied legislation.

### **Consistency and adequacy of appropriate procedures**

The Company develops and implements a system of appropriate procedures on counteraction and prevention involving in corruption activity. The Company aspires to make procedures as much as possible transparent, clear, feasible and reasonably answering to the revealed risks.

### **Principle of due circumspection**

The Company performs check of counterparties and candidates for work before decision making about the beginning or continuation of business relations in relation to their reliability, aversion of corruption and absence of a conflict of interests.

### **Provision of information and training**

The Company makes reasonably possible efforts on informing and explaining the principles and norms of the applied legislation, the Code, this Policy and other local normative documents concerning counteraction to involvement in corruption activity, including carrying out of training of employees and counterparties to fundamentals of counteraction to involvement in corruption activity.

### **Monitoring and control**

The Company performs monitoring of the implemented control procedures on counteraction and prevention involving in corruption activity and supervises their observance.

The division responsible for realisation of the internal control and risk management on a periodic basis produces an estimation of condition of the system of counteraction to involvement in corruption activity, and also conformity assessment of the Company's activity to the norms of the applied legislation and this Policy.

The information on the condition of the system of counteraction to involvement in corruption activity is given to shareholders in the Company's Annual Report.

### **Enhancement of the system of appropriate procedures**

The Company encourages its employees and interested third parties as soon as possible to report about their suspicions concerning possible infringements and cases of non-observance of the provisions of this Policy and also to offer recommendations and measures on enhancement of the system of counteraction to involvement in corruption activity. Messages can be transferred:

- to the chairman of the Commission;
- to the immediate or higher head.

The Company warrants confidentiality to all employees and other persons, who have honesty reported about infringements.

### **Refusal of response measures and sanctions**

No sanctions can be applied to the employee of the Company for refusal to give or receive a bribe, to perform commercial bribery or to act intermediary in bribery, including if as a result of such refusal the Company has had losses, lost profit, has not received commercial and (or) competitive advantages, or for the diligent message of expected infringements, facts of corruption, other abusings or insufficient efficiency of existing control procedures.

If the employee of the Company or other person gives misleading information or tries to receive the personal benefit contradicting the Company's interests, then such a person can be held liable according to the current legislation and internal documents of the Company, local normative documents of the Company.

### **Regular risk assessment of involving in corruption activity**

The Company reveals, conducts an estimation and periodic revaluation of corruption risks, characteristic for its potentially vulnerable business processes. At revealing and assessment of risks the Company considers all completeness of the information on activity and plans, including investment and strategic, available at the moment of carrying out the estimation and revaluation.

### **Control and audit**

The Company provides carrying out of regular external and internal audit inspections of the internal control system, in particular, accounting and management accounting system, and also the control over observance of requirements of the applied legislation and local normative documents of the Company, including the principles and requirements established by this Policy.

As the Company can be held liable for participation of its employees, counterparties and other persons acting on behalf of the Company or in its interests, in corruption activity all reasonably justified suspicions in corruption actions will be carefully investigated in the order established by local normative documents of the Company.

## **3. Anticorruption monitoring**

Anticorruption monitoring in the Company includes monitoring of anticorruption measures and activities, which are performed within the limits of realisation of the Anticorruption Policy of the Company, and also the revealed facts of corruption and methods of their elimination.

The main areas of anticorruption monitoring are:

- study of opinion of the labour collective about corruption condition in the Company and efficiency of anticorruption measures being taken;
- analysis of execution of the anticorruption activities provided by organizational and administrative documents of the Company;
- study and analysis of statistical reporting about the facts of corruption revealed in the Company;
- analysis of complaints and calls of physical and legal persons about corruption practices in the Company;
- study and analysis of measures taken in the Company on corruption counteraction;
- analysis of publications about corruption in the Company in mass media.