

Approved by  
the Board of Directors of PJSC «Rosseti»  
Minutes dated 22.02.2017 №252

Approved by  
the Board of Directors of IDGC of Centre, PJSC  
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# The Code of Corporate Ethics and Official Conduct of Employees of IDGC of Centre, PJSC

## Introduction

1. The Code of Corporate Ethics and Official Conduct of Employees of IDGC of Centre, PJSC (hereinafter – the Code) was developed in accordance with Art. 13.3 of Federal Law No. 273-FZ of December 25, 2008 «On Combating Corruption», the Code of Corporate Governance approved by the Board of Directors of the Bank of Russia on March 21, 2014, with the Methodological Recommendations for the Development and Adoption by Organizations of Measures to Prevent and Combat Corruption, approved by the Ministry of Labour and Social Protection of the Russian Federation on November 8, 2013, with the Strategy for the Development of the Electric Grid Complex of the Russian Federation, approved by Resolution of the Government of the Russian Federation on April 3, 2013 No. 511-r, the Anti-Corruption Charter of Russian Business, with the Code of Corporate Ethics and Official Conduct of the Employees of PJSC «Rosseti», approved by the decision of the Board of Directors of PJSC «Rosseti» (Minutes No. 252 dated 22.02.2016) and the local regulatory acts of IDGC of Centre, PJSC (hereinafter – the Company).

2. The Code is a set of general principles, norms and rules of professional ethics and internal corporate behaviour that all employees of the Company must follow, regardless of the position they hold, as well as members of the Company's management and control bodies.

The provisions of the Code should be observed by employees of the Company not only during working hours, but also during non-working events that affect the interests of the Company, or if employees are perceived by third parties as representatives of the Company.

The Code is an internal document of the Company and defines the basic norms and rules of individual and collective behaviour. Employees of the Company, as well as members of its management and control bodies, must take all necessary measures to comply with the provisions of the Code.

The main terms and definitions used in the Code, important for understanding the essence of the rules it establishes, are disclosed in the Appendix.

3. The Code is designed to promote:

- implementation of the Company's strategic goals;
- formation in the collective of the Company of single positive behavioural attitudes, corporate spirit;
- strengthening the authority of the Company, the trust of shareholders, investors, creditors and other stakeholders to the Company;
- development of open and confidential relations of the state, organizations and citizens with the Company;
- increase of efficiency of performance by the Company's employees of their official duties;
- preservation and enhancement of technological, production and scientific potential of the Company and its subsidiaries and affiliates (hereinafter – the SDCs).

4. The Code is recommendatory for natural persons working under civil contracts concluded with the Company, as well as for contractors and consultants

who are agents performing orders or representing the Company to third parties if their actions are carried out on behalf of the Company.

5. The Code is aimed at achieving the mission and strategic goals approved by the Company's administrative documents and assigned in the Company's Development Strategy and the Long-Term Development Program.

### **I. Corporate values**

The Company does not deviate from its values for profit, perceiving them as a link in all spheres of activity, and expects the same from its business partners. Appreciating corporate values, the Company supports a high corporate culture.

1. **Reliability.** The Company strives to ensure, as much as possible, reliable and uninterrupted supply of electricity to needs of the economy and social sector of the Russian Federation, realizing the full range of necessary organizational and technical measures that guarantee reliable operation of the power grid infrastructure facilities, taking the necessary steps to ensure the safety of power facilities of SDCs.

2. **Human resource.** The key resource of the Company's activities is its employees, thanks to which the Company creates, preserves and multiplies its value and authority over a long period. Achieving the strategic goals and objectives set by the state to the Company depends to a large extent on the professionalism, integrity and safety of the labour activity of its employees.

For the Company, every employee is valuable, regardless of his gender, age, colour, nationality and position. Therefore, all employees are given equal opportunities for successful and effective work, professional development and career growth.

The Company is guided by the principles of honesty and objectivity in the formation of personnel (including management) composition. Employees are appointed or transferred to higher positions only on the basis of business qualities.

Labour dynasties are welcomed in the Company. Favourable conditions are created for their development.

The Company supports the continuity of generations, maintaining respect for the experience of veterans and ensuring the transfer of knowledge and traditions to young employees, including within the labour dynasties.

3. **Efficiency.** The Company is aware of its responsibilities to shareholders, investors and partners, and therefore the effectiveness of its activities is its basic value. The Company strives for continuous increase in profitability, facilitated by the strategic initiatives of the management and control bodies, top management and shareholders of the Company.

4. **Security.** The Company applies a strictly regulated and weighted approach to the implementation of security measures, carries out the prevention of possible offenses.

5. **Social responsibility.** The Company is a socially responsible company that pays great attention to issues of ecology, labour protection and safety, and the implementation of social programs.

### **II. Principles of corporate behaviour of employees of the Company**

1. **Professionalism.** Working at the backbone for the power grid complex Rosseti Group of Companies assumes the use of professional skills and competencies, the formation of a highly professional production environment aimed at ensuring high-quality and reliable power supply, timely and transparent connection to electrical grids at an affordable price.

2. **Integrity and responsibility.** Employees of the Company treat the performance of their official duties as responsibly as possible, not allowing negligence and error.

Each employee is personally responsible for his actions and decisions and has no right to shift its responsibility to other employees. Each employee uses the resources of the Company at his disposal as efficiently as possible, carefully and exclusively for work purposes.

3. **Interaction and cooperation.** Interaction with business partners is based on long-term cooperation in full compliance with corporate rules.

The Company is interested in mutually beneficial cooperation. In the interaction with the Company, abuse of a dominant position or manifestation of unfair competition is unacceptable.

4. **Image and reputation.** Management decisions and actions of the Company's employees should be aimed at maintaining a positive image of the Company, as well as preventing situations when actions of employees may adversely affect the business reputation of the Company and its subsidiaries and dependent companies.

5. **Confidentiality.** Employees of the Company ensure the protection of any confidential information (including information constituting a trade secret and insider information), the loss (leakage) of which may cause damage to the Company and its subsidiaries, subject to the requirements of disclosure legislation. Violation of the non-disclosure entails disciplinary, civil law, administrative or criminal liability in accordance with the legislation of the Russian Federation.

### **III. Rules of official conduct**

1. All employees should cooperate on the basis of mutual respect, with attention to the right to protect private life and human dignity. Respectful relations to each other, to the values and traditions of the Company, to its shareholders, members of the Board of Directors, veterans and business partners make it possible to form an open, fair and tolerant working atmosphere.

2. Violations of discipline and ethics that endanger the reliability and safety of work are unacceptable in the Company, including:

- uncoordinated decisions that infringe the interests of the Company and/or other employees;
- regular failure to perform and/or poor performance of job duties;
- disclosure of confidential, insider or commercial secret information about the Company;
- being in the workplace in the state of alcohol, narcotic or toxic intoxication;
- use of non-normative vocabulary;

- neglect or willful failure to comply with labour protection and safety requirements;

- any form of discrimination against employees and disrespect for colleagues, business partners or competitors of the Company.

3. Employees of the Company in the course of carrying out their activities must adhere to a strategy of total rejection of corruption, commercial bribery, abuse of authority, non-competitive behaviour, fraud and other abuses in all their forms and manifestations. Employees of the Company and SDCs are obliged to:

- refrain from committing and/or participating in making corruption and other offenses in their own interests or on behalf of the Company and SDCs;

- refrain from behaviour that may be interpreted by others as a willingness to commit corrupt and other offenses or participate in their making in their own interests or on behalf of the Company and SDCs;

- immediately inform the structural units for combating (preventing) corruption, compliance control of the Company and SDCs about cases of inciting an employee to commit corrupt and other offenses.

4. The Company prohibits deliberate falsification and/or distortion of information submitted to the authorities and consumers, reports and other documents. It is not allowed to disseminate false information, concealment or misrepresentation of facts, misuse of information obtained during the performance of official duties, or in relations with the media.

5. In order to prevent the use of insider information, the Company's employees should not disclose it until such time as this information is publicly disclosed. Owning such information, employees should not transfer it to relatives or any other persons.

Obligations for non-disclosure of confidential information must be fulfilled even after completion of work in the Company and SDCs.

6. The employee should not use the Internet and corporate mail for private purposes. The Company's employee is prohibited from posting working materials and acting as a representative of the Company with statements, comments, if this is not part of his job duties.

7. The employee must not allow public statements, judgments and assessments regarding the activities of the Company and its management, SDCs and their managers, colleagues and partners in the media, which may adversely affect the image and business reputation of the Company. In the event that a representative of the mass media addresses him, the employee of the Company must immediately inform the head of the public relations office. All requests originating from the media, including, on the organization of a meeting with the Company's management are sent to the public relations office.

#### **IV. Ethics of leadership behaviour**

Officials of the Company should, by their conduct in practice, set an example of ethical behaviour, compliance with the requirements of anti-corruption legislation and internal documents, including the Code.

At performance of the duties heads of all levels of management should:

- proceed from the interests of the Company, work in good faith, constantly improve professionalism and competence;
- show leadership qualities, to be an example of behaviour, to comply with business ethics and generally accepted norms and rules;
- respect employees, their rights, not allowing in their management practice the use of methods that are detrimental to the personal dignity of employees, take reasonable legal decisions;
- in their professional activities to follow the standards of business communication, maintain the business reputation and image of the Company in cooperation with business partners and counterparties;
- act in accordance with strategic and tactical plans, as well as decisions taken by the Company's management bodies;
- prevent the Company from participating in doubtful transactions (deals) capable of causing material or reputational damage to the Company;
- take all necessary measures to prevent and resolve the conflict of interest that arose among the Company's employees.

## **V. Interaction with shareholders and investors**

1. The Company carries out its activities taking into account the interests of its shareholders, strives to maintain an effective dialogue with them, based on the common goals of the Company and its shareholders.

2. In order to ensure the real possibility for the shareholders of the Company exercising their rights, the Company regularly and promptly provides its shareholders with full and reliable information on various issues, including the Company's activities, payment of dividends, agenda of the General Meeting of Shareholders, and other matters.

3. In cooperation with shareholders, the Company seeks to the prevention or fair settlement of possible corporate conflicts between the Company and its shareholders, while ensuring the protection of shareholders' rights, as well as compliance with the requirements of legislation and internal documents.

4. The Company seeks to increase its investment case through its effective and efficient activities, increasing information transparency and maximizing the market value of its securities.

The key factor of interaction with the investment community is to ensure timely disclosure of objective, reliable and consistent information on the activities of the Company, as well as ensuring an active dialogue with investors and analysts in the context of implementing the requirements of legislation.

## **VI. Prevention of corruption**

1. The Company does not accept any other forms of corruption, and also expects that its business partners will follow the same principles.

Employees of the Company are obliged to notify all appeals to them with a view to inciting to commit corrupt offenses.

The Company and its subsidiaries and affiliates implement a unified anti-corruption policy, which includes, among other requirements, the following rules:

– on the territory of the Russian Federation and abroad, the Company's employees comply with the requirements and restrictions defined in accordance with anti-corruption legislation, the Methodological Recommendations for the development and adoption by organizations of measures to prevent and counteract corruption<sup>1</sup> and fixed in the Anti-Corruption Policy of the Company and SDCs. The Company constantly works to improve the effectiveness of the anti-corruption compliance system;

– the Company does not accept any form of unlawful influence on decisions of state or municipal bodies, including bribery, offering unacceptable gifts, employment of relatives of state or municipal employees, charity or sponsorship at the request of state or municipal employees of relevant (decision-making, in which the Company is interested) state or municipal bodies;

– employees of the Company should not offer, promise, authorize and transfer, on behalf or in the interests of the Company, an unlawful reward in any form, to any official, person exercising managerial functions in a commercial or other organization, to a foreign official or official of a public international organization;

– the Company's employees should not request and accept illegal remuneration in any form from any organization, individuals or officials.

## 2. Prevention and settlement of conflicts of interest:

2.1. In order to limit the influence of private interests, personal interest of employees on the job functions they perform, business decisions taken, the Company carries out measures to identify, prevent and resolve conflicts of interests.

2.2. None of the Company's employees has the right to use his official position to resolve the conflict situation in his favour and/or with the benefit for himself or third parties associated with such an employee. Employees of the Company and SDCs are obliged to:

– when making decisions on business matters and performing their job duties, be guided by the interests of the Company and its subsidiaries and dependent companies;

– avoid situations and circumstances that may lead to a conflict of interest;

– disclose an arisen (real) or potential conflict of interests, including reporting the occurrence of a conflict of interest and filling out declarations of a conflict of interest;

– facilitate the settlement of a conflict of interest that has arisen.

In the event of a conflict of interest, employees should inform their immediate supervisor, as well as the collegial body of the Company authorized to consider ethical conduct issues – the Central Commission for Compliance with the Standards of Corporate Ethics and Conflict of Interest.

2.3. The Company adheres to the principle that in relations of direct subordination or control there are persons who are not in kinship or property. The presence of employees in kinship or property in relations of direct subordination or

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<sup>1</sup> Approved by the Ministry of Labour and Social Protection of the Russian Federation on November 8, 2013.

control is allowed in exceptional cases by the decision of the Central Commission for Compliance with the Standards of Corporate Ethics and Conflict of Interest.

It is prohibited to employ persons who are in close relationship or property with the Company's employees, if the position is connected with a job with direct subordination of one of them to another.

The fact that the employee has family ties with other employees should not adversely affect the performance of official duties.

In order to limit the influence of private interests, personal interest of employees on the job functions they perform, business decisions taken, the Company carries out measures to identify, prevent and resolve conflicts of interest.

2.4. Any additional activity as a member of management and control bodies, consultative and advisory bodies, an ordinary employee, and also in any other position in a company that does not carry out activities in the field of electric power industry is considered to be work outside the Company.

Working part-time in a company that is an indirect or direct competitor of the Company is not welcome.

Before getting additional work (secondary employment or providing services under a civil law contract) in an organization - a partner of the Company or another organization, with which the employee interacted in the course of work in the Company, the employee is recommended to notify the Company's HR service and subdivision, which is responsible for the prevention of corruption and other offenses.

2.5. All known cases of investment in a client company or the Company's supplier or another company with which the employee interacted during the work in the Company, made by him or his close relatives, are reported by the employee of the Company to the subdivision, which is responsible for the prevention of corruption and other offenses.

## **VII. Gifts**

1. The receipt of a gift by an employee may be negatively assessed on the part of other employees or other persons (including shareholders, contractors, the state and state bodies, trade unions and professional associations, participants in the securities market), even in the absence of dishonesty or unreasonableness in the intentions of the employee and donor.

2. Gifts from counterparties and partners to persons who are closely related to the employee of the Company, as well as to other relatives of the employee, in accordance with the Code, are considered gifts to the employee, except for the cases of work of the said persons in the company of the counterparty or partner.

An employee of the Company is obliged to report to the subdivision, which is responsible for the prevention of corruption and other offenses, of cases known to him of giving by counteragents and partners of the Company to persons who are closely related to the employee in kinship or property, as well as to other employees close to him, gifts not later than three days from the date of their receipt.

3. An employee of the Company shall not accept gifts related to the performance of his official duties:

- from organizations and individuals in respect of whom the employee takes decisions (commits actions) that facilitate the receipt of benefits by these organizations and individuals;

- in the form of cash or non-cash funds, alcohol products, securities, jewelry and other luxury goods.

4. The restrictions on the receipt of gifts, established by the Code, do not apply to the following cases:

- receiving as a gift corporate souvenirs (pens, notebooks, diaries, etc.) from counterparties and clients of the Company;

- receipt of a gift during an official or other event (conference, round table), to all participants of which, regardless of their organizational affiliation, the same gifts were given.

5. Any unauthorized gifts must be rejected. In the event that the customs of business hospitality do not allow the gift to be rejected, it is subject to admission, while at the same time transferring the issue of its future fate to be considered by the Central Commission for Compliance with the Standards of Corporate Ethics and Conflict of Interest.

6. If there are doubts as to the admissibility of the gift or other issues related to the treatment of gifts, the employee should seek clarification from the management.

7. Employees of the Company are obliged to notify their immediate supervisor in accordance with the local regulatory acts of the Company of all cases of obtaining a business gift in connection with their official position or in connection with the performance of their job (official) duties.

### **VIII. Corporate image**

1. The corporate image of the Company consists, in particular, of the behaviour and appearance of its employees, that is why each employee must observe the rules of business etiquette, wear clothes appropriate to the circumstances (business in the office, work clothes in the workplace).

2. The traditional business style of clothing is a mandatory standard of appearance (dress code) of the employee of the Company. The main thing in the business style is moderation in detail, a harmonious combination of accessories, clothes and shoes.

Workers, as well as heads of structural subdivisions, engineers and technicians, whose labour functions assume their location at work, receive special clothes. For categories of employees in production, wearing special clothes is mandatory on all working days without exception.

3. In the structural units, control over compliance with this provision is assigned to their managers. This means that the head of the structural unit has the right to tactfully remind the employee of these rules.

4. Actions that could damage the reputation of the Company and/or the reputation of the Company's employees, including the negligent handling of the Company's symbols and the use of branded clothing and paraphernalia in an inappropriate manner, are unacceptable.

## **IX. Safety and health of employees**

1. The Company strives to make the working conditions as safe as possible for its employees. However, the most advanced machinery and equipment do not guarantee labour safety and reduction of accidents, if employees themselves do not follow accepted labour protection and safety requirements. Therefore, one of the important factors of reducing injuries in the Company is the dissemination among the Company's employees of a culture of strict adherence to safety regulations.

2. Every employee should understand that compliance with the requirements of the safety rules is not just compliance with regulations, but care about his life and health of his colleagues.

3. Not only the duty, but also the moral duty of each employee is the fulfillment of the following rules:

- always comply with safety standards and labour protection requirements;
- require from your colleagues and subordinates unconditional compliance with safety standards and labour protection requirements.

## **X. Environmental protection**

The Company realizes the entire degree of responsibility to present and future generations for the impact that the Company and SDCs have on the environment.

The Company consistently implements production process technologies that reduce the level of negative impact on the environment to the maximum possible extent and ensure minimum consumption of material and raw resources.

## **XI. Ensuring compliance with the provisions of the Code**

1. Compliance with the provisions of the Code is an integral part of the corporate culture of the Company.

The effectiveness of the Code depends, in particular, on compliance with its provisions by everyone and on the personal readiness of the Company's employees to stop or prevent its violation.

2. The Code imposes additional obligations on managers at all levels. Managers are required to:

- ensure that subordinates understand the requirements presented in the Code;
- consistently and firmly ensure the practical application of the provisions of the Code.

3. If an employee does not know how to behave in a difficult situation described in the Code, or has encountered a situation that violates the rules set forth in the Code, the employee can seek advice, consultation or assistance:

- with his immediate supervisor;
- in subdivisions that have the functions of preventing corruption and other offenses.

4. Ensuring compliance with the requirements of the Code is assigned to the Commission for Compliance with the Standards of Corporate Ethics and Conflict of Interest Regulation, which is responsible for:

- resolution of arising in structural subdivisions of the Company pre-conflict situations, information about which was received for consideration of the commission;

- settlement of a conflict of interest in respect of the Company's employees, members of the commission, heads of SDCs;
- consideration of facts of violation of the norms of corporate ethics and standards of corporate conduct in the Company;
- other issues arising in accordance with the Regulation on the Central Commission on Compliance with the Standards of Corporate Ethics and Conflict of Interest Regulation in force in the Company.

5. The Code is approved by a decision of the Board of Directors of the Company.

## **XII. Responsibility**

1. Observance by the Company's employees of the provisions of the Code is an important element in the successful implementation of the Company's strategic goals and an objective assessment of the personal and professional-business qualities of the employees themselves, influences the decision-making on promotion, as well as professional or career growth of employees. Compliance with the norms of the Code is ensured by daily activities of the employee.

2. Employees who violated the provisions of the Code may be subject to measures of public condemnation and/or disciplinary action in accordance with the labour legislation of the Russian Federation and internal regulatory documents of the Company regulating labour relations with personnel. If minor offenses are identified, recommendations for behaviour change can be made in accordance with the principles established by the Code.

## **GLOSSARY** **of definitions and terms**

**Business etiquette** – rules of conduct in professional relations, based on observance of subordination, respect for colleagues and business partners.

**Business gifts** – gifts received by an employee from physical (legal) persons who donate on the basis of the official position of the donee or the performance of his official duties, with the exception of office supplies, which, as part of hospitality events, business trips and other official events, are provided to each participant of the specified events to fulfill his official (official) duties, as well as flowers and valuable gifts, which are presented as incentives (awards).

**Business partners** – customers, suppliers, as well as other third parties, with whom business relations are established.

**Corporate ethics** – a set of value representations, principles, ethical norms of behaviour supported by the Company that are accepted and shared by all employees, set the general tone of their activity, and determine the coordination of actions of the managerial unit, structural units and employees.

**Conflict of interest** – a situation in which the personal interest (direct or indirect) of a person substituting a position, the substitution of which provides for the obligation to take measures to prevent and resolve a conflict of interest, affects or may affect the proper, objective and impartial performance of job (official) duties (the exercise of authority).

**Corruption** – abuse of office, giving bribes, taking bribes, abuse of authority, commercial bribery or other unlawful use by an individual of his or her official position, contrary to the legitimate interests of society and the state, in order to obtain benefits in the form of money, valuables, other property or services of a property nature, property rights for themselves or for third parties, or the unlawful provision of such benefits to the said person by other individuals. Corruption is also the commission of listed acts on behalf of or in the interests of a legal entity.

**Persons who are in close relationship or property with an employee of the Company** – parents, spouses, children, brothers, sisters of the employee of the Company, as well as brothers, sisters, parents, children of spouses and spouses of his children.

**Indirect subordination** – the relationship between managers and employees, in which the direct leader closest to the subordinate has authority and administrative powers over him.

**Direct subordination** – the relationship between managers and employees, in which the manager has authority over the latter, including the right to give them orders, prescriptions, instructions and commissions that are binding for execution, decisions that affect admission (dismissal), evaluation of his professional and personal qualities, determination of the amount of wages, bonuses and other rewards.

**Gifts** – all gifts in the form of goods, services, money or cash equivalents (for example, checks, traveler's checks, gift cards and certificates, vouchers,

promotions) and all gestures of business courtesy, gratitude signs, discounts, favours, and other valuables, for which the recipient does not pay the full cost.

**The labour dynasty** – a group of employees of the Company's production personnel, who are close in kinship or property (parents, spouses, children, brothers, sisters, and also brothers, sisters, parents, children of spouses and spouses of children) of at least three people representing at least two generations, characterized by the transfer of professional skills from the older generation to the younger.