

Appendix No 1
to Minutes of session of the Board
of Directors
of IDGC of the North-West, JSC
dated 06.03.2013 No. 123/21

APPROVED BY:
the Board of Directors of
IDGC of the North-West, JSC
on 06.03.2013 (Minutes No. 123/21)

**CORPORATE ETHICS CODE OF
“INTERREGIONAL DISTRIBUTION GRID COMPANY
OF THE NORTH-WEST” JOINT-STOCK COMPANY**

**Gatchina,
2013**

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Terms and Definitions

Used herein are the following terms, definitions and abbreviations.

Business Partners	Customers, suppliers as well as third parties with whom business relations are established.
SDCs	Subsidiary and dependent companies the Company owns shares of (stakes in)
Official	Person discharging managerial or administrative and executive functions or occupying a managerial or administrative executive position with state authorities, local government authorities, state and municipal institutions, state corporations (inclusive of companies wherein the State owns a controlling interest), state pension and insurance funds as well as military formations of the Russian Federation inclusive of officials, civil servants and servants of municipal entity level authorities as well as persons occupying public positions of the Russian Federation or constituent entities of the Russian Federation
Code	Corporate Ethics Code of IDGC of the North-West, JSC, an in-house document of the Company approved by the Company management bodies to the extent of their competence.
Commission	Commission for Compliance with the Corporate Ethics Norms and Settlement of Conflicts of Interests
Company	IDGC of the North-West, JSC
Competitors	Organizations the Company competes with in certain markets
Tangible valuables	Gifs, invitations to socials, repayment of transport and other expenses and services that are delivered: (a) by third parties – to workers or members of their families or to legal entities wherein such natural persons appear as shareholders (participants, founders) or (b) by workers – to Officials, Business Partners or Competitors or members of their families or to legal entities wherein such natural persons appear as shareholders (participants, founders)
Workers	Employees (associated with the Company through any contractual relations, inclusive of temporary ones), members of the Company management and control bodies.
Top Managers	Officials of the Company the list whereof is determined in accordance with in-house documents of the Company.

I. Introductory provisions

This Corporate Ethics Code of IDGC of the North-West, JSC is an in-house document of the Company determining the basic norms and rules of individual and collective conduct for any and all Workers and members of the Company management and control bodies.

This Code represents a corpus of principles, norms and rules governing internal corporate conduct, social responsibility and other business ethics issues adopted for Workers and members of the Company management and control bodies.

The provisions hereof are based on those of the Charter of IDGC of the North-West, JSC, requirements of the effective legislation of the Russian Federation, corporate governance principles of the Organization for Economic Cooperation and Development as well as conventional norms of business ethics with accounts for the requirements of Russian and foreign norms and procedural rules determining best corporate governance practices inclusive of the Russian Business Social Charter and Instruction of the Federal Securities Market Commission "On recommendations concerning application of the Corporate Conduct Code" dated 04.04.2002, No. 421/т.

This Code is aimed to ensure that any managerial decision or action is carried out in strict accordance with the Russian Federation legislation and compliance with the conventional ethical principles of business practice.

The provisions hereof must be understandable and clear for all Workers; however, the Code can not provide exhaustive regulation of all issues dealing with corporate conduct ethics as may arise within the Company. In case an issue is unregulated hereby as well as in case of disputable situations arising, when the Worker has questions or doubts concerning correctness of his/her actions, those of his/her colleagues or right understanding of provisions hereof such Worker should contact his/her immediate superior or the Commission.

The goals whereof consist in creation of a sustainable corporate culture and corporate values system, acknowledgement of the Company's invariable preparedness to follow high standards of business conduct inclusive of:

- promotion and protection of the Company's business reputation;
- improvement of investment attractiveness of the Company;
- proceduralization and normalization of Workers' corporate conduct in complicated and ambiguous situations from the point of view of compliance with the principles of ethics, honesty and bona fide;
- corporate culture level promotion.

The core objectives hereof are:

- assistance in achievement of the Company's strategic goals;
- efficient dialogue with the investment community, Workers orientation at unified corporate values and promotion of the Company's corporate culture;
- understanding and application of internal corporate ethical norms by Workers in the course of their everyday activities;
- prevention of conflicts of interests as well as their efficient resolution, wherever having arisen;
- fast adaptation of new workers to the process and conditions of labor within the Company.

Adopting, regularly perfecting and rigorously complying with the provisions hereof, the Company acknowledges their intention to assist in development and perfection of business conduct based on principles of ethics and r.

In case of adoption of new regulatory legal instruments and other documents or amendment to effective ones, the Code, until introduction of corresponding amendments and supplements, shall apply to an extent not at variance with such documents.

The Code is meant to shape the system of the Company's values determining business conduct and shaping the Company's reputation.

The Company Workers are obliged to be guided by the principles and conduct rules contained herein in the course of their activities. The Company expects from all their SDCs as well as Business Partners actions in accordance with the core principles hereof. The Company must strive to ensure their contracts as may be concluded with Business Partners are not at variance with the Principles established herein.

The Company Top Managers must give an example of exemplary conduct with regard to compliance with the provisions hereof to other Workers.

The Company Corporate Ethics Code must be applied by the Company Workers both within and outside the Russian Federation with account for cultural, social and economic differences characteristic of countries and regions where the Company may carry out their activities (or plan to do so).

Failure to fulfill the requirements hereof may entail application of disciplinary penalties as well as administrative, civil or criminal sanctions following the procedure as stipulated by the effective legislation.

II. Mission and values

IDGC of the North-West, JSC is an operational company carrying out their activities in the two core markets: electric energy transmission and distribution market and that of technological connection (hooking up customers to electric power grids with voltage equal to 0.4–110 kV). The role and mission of the Company are related to what the core market participants expect from them:

- for the investment community, the Company is an investment placement tool that is aimed at ensuring such investments recoverability, reliability, profitability and liquidity;
- for consumers, the Company is a venture targeted at quality provision of services, quality and reliable power supply, timely and transparent technological connection to electric power grids;
- for regions and local government authorities – a venture ensuring the economy demand for transmission capacities; a reliable partner to executive authorities of constituent entities of the Russian Federation for planning and implementation of regional territorial development programs, a bona fide taxpayer and employer;
- for Workers – a bona fide employer, an efficiently organized venture having a transparent and understandable corporate governance system and providing opportunities for maximal deployment of Workers' potential.

The Company's mission consists in ensuring reliable and quality supply of electric energy to meet the growing demand of the economy and social sector, the cost of payment for services provided being economically feasible for the consumers.

Underlying corporate values of the Company

Efficiency

A core strategic goal of the Company is attainment and retention of the status of a highly efficient and socially responsible venture, according to key stakeholders' estimates. The Company is aware of their duties to shareholders, investors and partners, in which connection the Company's efficiency represent a basic value. IDGC of the North-West, JSC strives after continuous promotion of their activities profitability assisted in by strategic initiatives originated by the government and control bodies, Top Managers and shareholders of the Company. Work for the Company implies Workers' high effectiveness which assists in maintenance and constant promotion of the Company's competitive ability.

Social responsibility

IDGC of the North-West, JSC is a socially responsible company giving much attention to issues of labor and environment protection and social programs implementation. IDGC of the North-West, JSC, as one of the major employers and taxpayers of the Russian Federation, sees its role in maintenance of a sustainably high level of economic development of constituent entities of the Russian Federation and population employment.

HR

Workers are a key resource for the Company's activities; thanks to them the Company preserves and increases its value long-term. One of the priority activity areas of IDGC of the North-West, JSC is preservation and development of the personnel pool, creation of a consolidated, socially protected, creative and motivated collective, improvement of labor and leisure conditions, promotion of Workers' labor safety in accordance with front-edge world standards.

Cooperation

The Company recognizes all the stakeholders' rights as stipulated by the effective legislation and strives after cooperation with such persons for purposes of ensuring the Company's development and financial stability.

Good morals

The Company carries out their activities based on the principles of professional ethics, honesty, fairness and bona fide.

Lawfulness

All actions of the Company Workers, members of the management and control bodies are carried out in strict compliance with the Russian federation legislation and in-house documents of the Company. The Company creates an information environment with conditions sufficient for all the Workers to become familiarized with the Company's regulatory legal framework.

Safety

The Company carries out their activities with compliance with labor safety, industrial safety and environmental protection requirements.

Core ethical principles shaping proper business conduct of the Company Workers

Bona Fide

The Company takes every effort to prevent any situations when the interest of Workers or the Managing Organization may come in conflict with those of the Company. Any abuse of office for personal benefit or that of third parties or to the detriment of the Company or shareholders thereof shall be excluded.

Honesty and absence of bias

All managerial decisions and actions of the Company Workers are characterized by honesty, openness and impartiality. Biased attitude to one's official duties or colleagues shall not be allowed.

Professionalism

All business relations if the Company Workers must be carried out based on high professional standards, compliant with business practices and not at variance with the law.

Image and reputation

Managerial decisions and actions of the Workers must comply with the goals of maintaining a positive image of the Company. Workers direct their efforts at prevention of situation when their actions may negatively affect the business reputation of the Company and their SDCs.

Transparency

Workers' activities are aimed at information openness for all stakeholders to be provided with accurate and unbiased details of such Workers' activity subject to compliance with the confidentiality principle, whenever required and not at variance with the legislation.

Confidentiality

Workers ensure protection of any confidential information (inclusive of that representing commercial secret or insider information) loss (leakage) whereof may cause damage to the Company, with account for the legislation information disclosure requirements.

Integrity

The Company personnel in a united team pooling their efforts to achieve strategic goals of the Company and to increase the economic, staffing and innovation potential of the latter. Each Worker shares in the Company's achievements. Each Worker shares in responsibility for the Company's failures.

Respect

The Company follows the principles of decency and respectful attitude to people around. Respect and trust allow us to promote work efficiency, reduce bureaucratic and administrative barriers, remaining a dynamic and efficient team. Each worker, irrespective of the position occupied, treats his/her colleagues with understanding and respect.

Responsibility

Each Worker is responsible for his/her actions and decisions and is not entitled to shift responsibility onto other Workers. At the same time, all Workers jointly bear moral responsibility to consumers, federal and regional authorities for quality and reliable consumer power supply.

III. Internal corporate conduct principles

The Company regards human capital as a key resource, development and maintenance whereof represents a decisive factor of the Company's activities successfulness. Provided to all the Company Workers are opportunities for efficient implementation of their labor tasks solution, professional development and career advancement. The Company strives after creation of working climate assisting in maximal implementation of the Company Workers' creative potential.

Each Worker of the Company is face of the Company, maintaining the reputation and prestige of the latter through his/her labor and conduct.

The Company's public image is greatly determined by the Workers' conduct. While discharging his/her duties, each Worker should mind the effect of his/her actions on the Company's reputation. When expressing his/her opinion in public, a Worker ought to refer from reference to the stand of the Company and SDCs thereof on the issue concerned and, on the whole, from public expression of an opinion if that may cause harm to the Company, be at variance with the Russian Federation legislation, this Code or other in-house documents of the Company or if the Worker is not duly empowered to express such opinion.

The Company ensures equality of opportunities. Any possibility of racist, sexist, political, religious and ideology discrimination within the Company is excluded. All the employees must interact based on principles of mutual respect, attentive to each other's right to protection of private life and human dignity. The Company ensures for Workers personal security (physical and psychological) I the course of Workers discharging their labor duties.

Requests or threats aimed to force a Worker to commit actions at variance with the legislation, this Code or other in-house documents of the Company or generally recognized principles of business ethics and good morals are inadmissible.

The Company's relations with Workers rely on the principles of long-term interaction, respect and clear discharge of mutual obligations.

The Company's efficient functioning is provided for by way of determination of Workers' responsibility and scope of duties, minimization and efficient resolution of conflicts of interests.

The Company regards personnel pool development as a pillar of their long-term sustainable development, perfection and strengthening of corporate culture within the Company that is aimed at imparting to each Worker a sensation of immersiveness in implementation of the Company's mission and solution of strategic tasks the Company may be facing.

The Company supports Workers' ambitions to develop their professional qualities to achieve high efficiency of activities of each Worker and the Company on the whole. The Company regularly takes measures for personnel evaluation and development inclusive of evaluation of activities, professional knowledge testing, in-house and external training, arrangement of in-house workshops, Workers' participation in international conferences and "round tables" etc.

The Company constantly gives attention to issues related to protection of the Company Workers' health and safe conditions of their labor, striving to fulfill all the applicable norms and requirements in the field.

The coequalities of each Worker of the Company are professionalism, responsibility, determination, initiative, ambition for development, honesty, openness, fairness and compliance with a high level of corporate culture. Of special importance for the Company is the team-working ability which, however, does not relieve the Worker from individual responsibility for violation of the norms stipulated hereby. Relations between all the Company Workers are equitable.

During resolution of problem as may arise in the process of work, the Company Workers, in the first place, are guided by the effective legislation, this code and other in-house documents of the Company, with account for the Company's interests and the bona fide and fairness principles.

Protectionism is prohibited within the Company. Close relatives are unwelcome to fill in any level positions within the Company if such positions imply subordination or submission which is especially true with:

- Top Manager positions as determined by decision of the Board of Directors;
- situations where immediate subordination is in place or such persons activities deal with control and disposal of financial and tangible resources of the Company.

Workers undertake not to allow abasement of personal and professional image of their colleagues. Workers undertake to take reasonable care for their actions not to cause harm to other workers and fulfill legislative requirements especially those dealing with environmental and labor protection and conventional ethical norms.

The Company welcomes all forms of Workers' interaction and communication such as joint implementation of projects, discussion and solution of job-related issues, elaboration of new development areas as well as joint arrangement of culture and sport events.

Any violations of discipline endangering reliability of works are inadmissible within the Company including:

- taking decisions infringing upon the interest of other Workers and stakeholders without proper agreement;
- systematic nonfeasance or misfeasance of labor duties, disorderliness;
- divulgation of confidential, insider or any other information on the company that represents commercial secret;
- staying at the workplace while intoxicated with alcohol, narcotic or toxic substances;
- negligence or willful neglect of labor protection requirements;
- any forms of discrimination or disrespectful attitude to colleagues, Business Partners or Competitors of the Company;
- any manifestations of corruption, embezzlement or willful damage to properties and Workers of the Company;
- willful damage to the reputation of the Company and (or) that of their Workers.

The Company Workers are prohibited against giving preferences or advantages to Business Partners, accepting money or Tangible Valuables, concluding contracts with third parties with a view of earning personal benefit (in any form) from services provided while discharging official duties in the capacity of the Company Workers.

Willful falsification and (or) tampering of information provided to users, reports or other documents is prohibited within the Company.

Inadmissible shall be distribution of inaccurate information, disclosure or tampering of facts, misuse of details obtained in the course of discharge of official duties while carrying out one's activities or in the course of relationships with mass media.

No Worker of the Company is entitled to use his/her official status for resolution of a conflict situations in the favor and (or) for the benefit of himself/herself or that of other persons related to such Worker.

IV. Principles of relationships with stakeholders

Development of partnership relations with stakeholders

The company's activities being highly susceptible to trust on the part of consumers and Business Partners as well as other stakeholders, the Company gives special attention to maintenance and development of stable and trusting relationships with stakeholders, both short- and long-term.

The Company appreciates their reputation and image. The company's external relations rely on compliance with the principles of mutual respect, openness, bona fide and responsibility.

The company adheres to the principle of neutrality with regard to financial and industrial groups, state authorities, political parties and associations. In the course of their activities, the Company strives to pursue responsible business practices, guided by the following provisions:

- carrying out activities with compliance with ethical norms based on the principles of human decency, fairness and honesty in relationships with Business Partners;
- non-distribution of knowingly false or unchecked information, either directly or through third persons;
- fighting and rooting out corruption;
- bona fide compliance with the Russian Federation legislation, in-house documents of the Company, other applicable norms and rules;
- the Company carrying out their activities as a responsible taxpayer contributing to strengthening financial stability of the Russian Federation;
- supporting bona fide competition;
- compliance with human rights;
- non-admission of child and forced labor usage;
- non-admission of any form discrimination;
- compliance with the principles of fair tariffing and advertisement;
- respect for property rights inclusive of intellectual property rights.

Bona Fide competition

Carrying out their activities within a competitive economy sector, the company is aware of their responsibility for development of bona fide competition and compliance with antimonopoly legislation. The Company deems abuse of market standing unacceptable conduct, failing to conform to their ethical principles and capable to undermine stability of the market financial and economic conditions.

Carrying out procurement activities, the company is guided by the market openness and bona fide competition principles. Collusion or agreed actions restricting bona fide competition are prohibited. While interacting with procurement proceedings participants, Workers are obliged to avert receipt or distribution of information that may serve as grounds for evaluative judgment of the Company's current or future decision on contractor or supplier selection. While interacting with procurement proceedings participants, Workers are obliged to fulfill the rules and prescriptions established by the corresponding local regulatory instruments governing procurement activities.

In case of doubts as to certain actions conformity to the antimonopoly legislation, the Worker shall immediately contact the legal support subdivision.

Fighting corruption

Corruption means a Worker abusing his/her powers or trust vested in him/her by the Company, such Worker willing to use the available authority or powers for a reward or provision of Tangible Valuables.

The Company Workers have no right to request for or accept a reward or other Tangible Valuables, on their own behalf or in favor of third parties, for discharge of their official duties or in exchange for provision of preferences during purchase of commodities or services except for cases stipulated hereby or the effective legislation of the Russian Federation.

Workers shall never, directly or indirectly, accept bribes, transaction commission fees or other Tangible Valuables or benefits from other Workers or third parties for discharge of obligations they are to discharge under the employment contract or any other contract concluded with the Company.

Violation of legislation in this field may entail imposition of fines or the culpable Workers being brought to administrative or criminal responsibility.

The framework and principles of the Company's anticorruption activities as determined hereby and by the anticorruption policy of the Company (appendix hereto).

Transfer and acceptance of Tangible Valuables

In the course of interaction with Business Partners and Competitors as well as state and (or) public organizations and Officials, the Worker have the right to accept or give away Tangible Valuables provided such actions conform to common business practices, are not meant to affect (or seem to affect) decision-taking, assist in improvement of the company's image and are aimed at presentation of the Company's activities and establishment of long-term business relations.

When receiving or transferring Tangible Valuables in the course of interaction with Business Partners, Competitors as well as state and (or) public organizations and Officials, one should be governed by the provisions hereof.

In doubtful cases, prior to receipt or transfer of Tangible Valuables, the Worker is obliged to receive an authorization from his/her immediate superior and (or) the Commission Chairman. Even if the very fact of Tangible Valuables receipt/transfer is not at variance herewith, such actions may be linked with taxation consequences for the Company and the Worker in question. Any questions and (or) doubts shall be solved (resolved) with the immediate superior and (or) the Commission Chairman well in advance.

In the course of interaction with Business Partners, Competitors as well as state and (or) public organizations and Officials, a Worker in no event has the right to request transfer of Tangible Valuables to him/her.

In the course of interaction with Business Partners, Competitors as well as state and (or) public organizations and Officials, Workers have the right to transfer and (or) receive non-cash gifts and other Tangible Valuables of reasonable cost not beyond the scope of the donator's (recipient's) regular business practices.

Prior to transferring Tangible Valuables, their cost going beyond the token gift scope, to any of the persons listed above, the Worker is obliged to receive an authorization from his/her immediate superior and (or) the Commission Chairman.

Transfer of expensive Tangible Valuables is allowable in exceptional cases when such gifts are regular business practice unprohibited by the Russian Federation legislation; in each case of the sort an authorization from his/her immediate superior or the Commission Chairman is required.

If having received from any of the persons listed above a non-cash gift going beyond regular business practices, its cost reasonably excessive, the Worker shall report such fact to his/her immediate superior and (or) the Commission Chairman.

Engagement of intermediaries

An integral part of the Company's successful presence in a number of markets is interaction with brokers, agents and consultants (hereinafter collectively referred to as "intermediaries"). On the other part, participation of such third parties may be used for concealing unlawful payments and evasion of corruption fighting laws. When selecting and instructing intermediaries and concluding contracts with them one should fully comply with all the requirements of the legislation and hereof as well as in-house rules and prescriptions for the avoidance of creating the wrong impression of goals of interaction with such intermediaries.

Contracts for intermediation services are to be concluded solely with persons and companies capable to confirm their competency and availability of the required experience of work. Intermediaries are selected based on procurement proceedings established by in-house documents of the Company, the selection process thoroughly documented.

Contracts for intermediation services are concluded in writing, with a detailed description of the services to be provided. The amount of reward should be proportional to the services provided.

Selection of suppliers

Selection of suppliers is carried out using procurement proceedings established by in-house documents of the Company.

Each Worker participating in selection of suppliers and having a personal interest capable to affect the selection process is obliged to notify his/her immediate superior and the Commission of such fact.

Neither Worker has the right to conclude *intuitu personae* contracts with suppliers of commodities, works and services he/she conducts business relations with on behalf of the Company other than upon an authorization to the effect issued by the immediate superior.

Charity and donations

The Company is aware of their social responsibility, expressing in this connection their preparedness to support, without consideration, non-commercial activities by way of charity and donations in compliance with the effective legislation norms.

Non-commercial activities include scientific, cultural, social and sport projects. Donations (both cash and non-cash) are allocated solely for support of non-commercial activities not at variance with the legislation.

Prior to contributing donations on behalf of the Company, one needs to obtain authorization from the Commission, corresponding Officials and the management bodies of the Company in accordance with their competences and following the procedure as stipulated by in-house documents of the Company and the effective legislation.

Sponsor aid

Sponsor aid represents contractual partnership relations with an organization or an event organizer giving the Company certain rights and advantages assisting in marketing communication or marketing goals achievement in exchange for an agreed volume of financial aid.

Such actions include, in particular, reputation creation and development of the Company brand and image. When concluding contracts for provision of sponsor aids one should make sure there is direct association between the funds being allocated by the sponsor and the sponsor activities economic goal. In particular, provision of sponsor aid in exchange for an Official's service or a certain decision to be taken by another company representative is prohibited.

Prior to provision of sponsor aid, one needs to obtain authorization from the Commission, corresponding Officials and the management bodies of the Company in accordance with their competences and following the procedure as stipulated by in-house documents of the Company and the effective legislation.

Interaction with shareholders

The company, being a commercial organization the core goal whereof consists in earning profit, carries out their activities with accounts for the interests of shareholders having invested their cash funds in the Company's shares. The Company strives after maintenance of an efficient dialogue with shareholders based on commonality of goals of the Company and their shareholders. The Company shareholders possess a bundle of rights with regard to the Company with the Board of Directors and executive bodies of the Company to ensure compliance with and protection of such rights. The Company shareholders' rights are regulated by the effective legislation norms, provisions of the Charter and in-house documents of the Company.

For purposes of ensuring a real possibility for the Company shareholders to exercise their rights, the Company regularly and timely provides to the Company shareholders complete and accurate information on various issues inclusive of those dealing with the company's activities, payment of dividend, issues as may be on the agenda of the General Meeting of Shareholders of the company and other issues.

The Company workers are obliged to handle questions as may be put by shareholders with respect and attention and to assist in resolution of problems a shareholder may be facing in connection with exercise of their lawful rights. In case a shareholder of the Company appeals to the Worker immediately, such Worker should recommend that the shareholder apply to the Company subdivision in charge of interaction with shareholders.

In the course of interaction with shareholders, the Company strives after prevention and fair settlement of possible corporate conflicts between the Company and shareholders. The Company must ensure compliance with and protection of shareholders' right and protection of the Company's business reputation and comply with the requirements of the legislation and in-house documents of the Company.

Interaction with the investment community

The Comp[any strives after growth of their investment attractiveness through efficient and effective activities, promotion of information transparency and maximization of the company's securities market cost.

A key factor of interaction with the investment community is ensuring timely disclosure of unbiased, accurate and consistent information on the Company's activities as well as ensuring an

active dialogue with investors and analysts within the framework of the applicable legislation requirements. The Company prepares and simultaneously communicates to the investment community the whole of the information that can essentially affect the cost of the Company's securities inclusive of financial statements, information on essential facts, lists of affiliates, quarterly reports as well as annual reports on the Company's activities.

The Company provides equal access to information on themselves for all investors (without provision of access advantages to any investor group).

Relationships with SDCs

The Company carries out relationships with SDCs in accordance with the requirements of the Russian Federation legislation, the Charter and other regulatory instruments of the Company and charters of such SDCs. In the course of exercise of a shareholder's rights with regard to SDCs, corporate proceedings within the Company are built with account for the norms and requirements set forth in the Charter of the Company, the Corporate Governance Code of the Company, standards and procedural rules determining corporate governance proceedings.

General conditions of corporate interaction between the Company and SDCs are established by the Procedure of IDGC of the North-West, JSC Interaction with Organizations IDGC of the North-West, JSC Participates in.

The core goals of the Company's interaction with SDCs are:

- ensuring stable financial development, functioning profitability and promotion of investment attractiveness of the Company and SDCs;
- ensuring protection of rights and legally protected interests of shareholders of the company and SDCs;
- harmonization of relations between shareholders, Officials and members of labor collectives of the Company and SDCs, exclusion of conflicts arising between and within the said groups;
- elaboration and implementation of a coordinated and efficient investment policy of the company and SDCs.

Interaction with authorities, public and mass media

The Company builds and maintains respectful, positive and transparent relations with representatives of state authorities, mass media and public, excusing conflict of interests and based on compliance of the Russian Federation legislation. The Company is convinced that establishment of a positive dialogue with investors, consumers and state authorities, alongside with arrangements for the Company transparency growth, will assist in the Company advancement and promotion of their investment attractiveness.

The core principles of the Company's interaction with authorities, public and mass media are as follows:

- information disclosure in accordance with the effective legislation and the Regulations on the Information Policy of IDGC of the North-West, JSC;
- the Company regularly providing currently relevant information, covering all the aspects of the Company's activities in a maximally complete and unbiased way;

Provision of timely and complete responses to all information enquiries submitted to the Company.

Participation in activities of political, religious and public organizations

The Company does not restrict Workers' participation in activities of political, religious and public organization outside the normal working hours.

Religious and political preferences are private affairs of Workers and must not interfere with their discharging duties and interacting with colleagues.

The Company Workers participating in political, religious and public activities must act as private individuals, without reference made to the Company.

Workers are not entitled to use the Company's resources, Image and reputation while carrying out political, religious and public activities.

V. Information disclosure

Information disclosure is an important element of the Company image shaping, ensuring for the Company shareholders, investors and other stakeholders the opportunity to have an unbiased idea of the Company's activities results, plans and development areas.

The main goal of the information disclosure policy being implemented by the Company is ensuring a maximum degree of trust on the part of shareholders, investors, counteragents and other stakeholders by way of providing to the aid persons information on the Company proper, on the company's activities and securities in an amount sufficient for the said persons to take substantiated and balanced decisions with regard to the Company and their securities.

The Company fulfils all the information disclosure requirements as established by the Russian Federation legislation; disclosing information on themselves, the Company does not confine themselves to information disclosure whereof is stipulated by the applicable legislative and regulatory legal acts, additionally disclosing information that ensures a high degree of the Company transparency and assists in achievement of goals set forth in the information policy being implemented by the Company.

The core principles of disclosure of information on the Company and their activities are:

- regularity and promptitude;
- information accessibility;
- completeness and accuracy of information disclosed;
- reasonable balance between openness and pursuance of the Company's commercial interests.

Confidentiality

Disclosure of information on the Company must ensure compliance with a reasonable balance between information transparency and security of commercial interests of the Company, their shareholders as well as consumers and Business Partners. The duty to ensure confidential information preservation is vested in all the Company Workers, members of the management and control bodies and shareholders of the Company.

Workers are prohibited against disclosure of confidential information, insider information of information constituting commercial secret to third parties both during their employment by the Company and upon completion of activities within the latter.

Workers are prohibited against direct and indirect usage of confidential information for personal benefit, for the benefit of third parties or to the detriment of IDGC of the North-West, JSC both during and after their employment by the Company.

All Workers are obliged to make all but impossible arrangements to protect and safeguard confidential information, insider information of information constituting commercial secret.

Responses to enquiries

For purposes of shaping and implementing a unified information policy of IDGC of the North-West, JSC, Workers are obliged to immediately report to the press service and the subdivision in charge of interaction with shareholders and investors on any enquiries received from representatives of mass media and investment community respectively. Having received such enquiries, Workers must contact the press service and the Company subdivision in charge of interaction with shareholders and investors. They are entitled to specify a way to obtain publicly disclosed information on the Company (on the official Internet-site of the Company and via e-mailing to <http://www.mrsksevzap.ru>) but not entitled to disclose information other than public of information with regard whereto the Worker is unsure whether such information has been publicly disclosed.

Workers are entitled to abstain from responding to enquiries, making statements or publicly expressing their opinions in other forms unless having the powers to do so or if such action represents or may entail violation of norms of the legislation or in-house local instruments of the Company or may cause harm to the Company.

Personal data protection

The Company ensures protection of personal data of Workers, members of the management and control bodies and shareholders in accordance with the effective legislation of the Russian Federation. All Workers are obliged to comply with personal data protection rules and prescriptions. In doubtful situations or in case of a violation one needs to contact the subdivision and (or) official in charge of personal data protection.

VI. Preservation of the Company's assets and resources

Each Worker is obliged to treat the Company's properties with care, using the Company's resources in an expedient way and protecting the properties as may have been entrusted to him./her against spoilage, theft, improper or unlawful usage. The Company's assets represent an aggregate of tangible, intangible, financial, human and information resources. All the assets and properties of the Company must be used solely in the interests of the Company and may not be used for Workers' personal purposes. Workers must strive after reduction of expenses related to the Company's activities inclusive of those on transfer and accommodation in the course of business trips.

Workers must study the Company's in-house documents and adhere to instructions on the right ways to handle the Company's assets and properties outlined in such documents. In doubtful situations the Worker is obliged to contact the structural subdivision in charge of management of the resources concerned.

The Company Workers are obliged to undertake actions as may be required for protection of the Company's intellectual property items inclusive of documentation and registration. The Company possesses the exclusive right to any intellectual property items as may have been created by Workers in the course of discharge of their labor duties. Workers or the Company wrongfully using third parties' intellectual property items is strictly forbidden.

VII. Environment, health and safety

IDGC of the North-West, JSC is a socially responsible company paying much attention to issues of labor and environment protection, industrial and personal safety.

Each Worker is responsible for compliance with requirements aimed at ensuring his/hr personal safety, that of the colleagues and the environment. One needs to comply with all the laws, rules, prescriptions and regulations on environmental protection and occupational safety. Each manager is obliged to brief Workers and to support and control their activities as regards compliance with occupational safety and environmental protection rules.

Each Worker must adhere to the following rules:

- always comply with safety norms and labor protection requirements, seeing to it that they are kept up at workplaces;

- approach the environmental safety compliance issue in a responsible way, making all arrangements as may be required to reduce the negative environmental impact of the Company's activities.

A human life is more valuable than any economic results of production achievements. Aware of the fact, the company supports conduct assisting in improvement of health of Workers and their family members. The Company constantly develops educational, organizational and environmental activities for reduction of the risks their activities may be associated with.

The Company elaborates and applies resource-saving technologies and consistently reduces impact on the environment and man.

The Company develops and perfects labor safety and environmental protection systems, contributing to organization and stable development of the environment, supporting efforts of the Russian and international public in this field.

VIII. Prevention of conflicts of interests

General principles

The Company recognizes and respects the diverse extraoccupational purposes and interests as Workers may pursue. At the same time, the Company and Workers strive to evade occurrence of situations wherein the opportunity arises for the Worker to gain material or other benefit for himself/herself, his/her relatives or other related persons to the detriment of commercial, corporate or other interests of the Company

The conflict of interest is a situation wherein personal, professional, financial or other proprietary interests of Workers as well as members of the Company management and control bodies are or potentially may be at variance with the Company's interests.

In particular, a conflict of interest may occur in the course of properties, information or opportunities usage, irrespective of whether the Company could actually use them. For example, a conflict of interests occurs, in particular, in cases when the Sole executive Body, members of the management and control bodies or members of their families:

- apart from the Company, hold offices with management and control bodies of other companies or organizations (inclusive of Business Partners) if the interests of such companies or organizations are or potentially may be inconsistent with those of the Company;

- competes with the Company or SDCs (directly or indirectly, inclusive of holding shares of a competitor company);

- holds shares of a company that is the Company's customer or supplier, thus becoming such customer or supplier;

- concludes a transaction with the Company or SDC unrelated to discharge of labor and other duties with regard to the Company.

The above list of cases wherein a conflict of interest may occur is not exhaustive. A conflict of interests may also occur in other cases when a contradiction between the interests of the Company and their Workers may arise.

To avoid conflict situations, Workers undertake to comply with the following rules:

- exercise their powers, functions and official duties with regard to the company proceeding solely from the interests of the Company;

- abstain from relationships with Business Partners of the Company other than in the process of conducting business on behalf of the Company;

- evade conclusion of transactions and occurrence of situations wherein personal interest may come in conflict or at variance with the Company's interests;

- abstain from affecting decisions of managers of the Company structural subdivisions with a view of Workers being accepted for employment or relocated or obtaining new offices;

- abstain from participation in taking decisions dealing with origination (change, termination) of business relations with an organization being a supplier of commodities, works or services to the Company if the Worker's close relative is in employment relations or a member of a management or control body of such organization;

- ensure complete and timely disclosure of information on incomes, properties and property-related obligations in accordance with the applicable legislation and in-house documents of the Company.

Each Worker is obliged to notify his/her immediate superior or the Commission of any potential signs of conflicts of business and personal interests.

Conflicts of interests are resolved by the commission or the Board of Directors so that to minimize possible damage to the Company's activities. Resolution of conflicts of interest by the Board of Directors is carried out upon recommendation of the Audit Committee.

Prohibition on cooperation with Competitors

Indirect or direct work for a company being an indirect or direct competitor of the Company is unwelcome. In exceptional cases, such employment is allowable if approved of by the Commission. Neither Worker has the right to use the company's business opportunities for personal purposes or those of a third party.

Work outside the Company

Work outside the Company is any additional activity in the capacity of a member of management and control bodies of consulting and advisory bodies, a frontline worker or in any other capacity within a company the activity sphere whereof is other than electric power industry.

It is recommended that, prior to any additional employment by an organization being a Business Partner of IDGC of the North-West, JSC or any other organization wherewith the Worker has interacted in the course of his/her work for the Company, such worker should notify the Company HR service or other bodies duly empowered by virtue of the Charter and (or) in-house documents of the Company.

Other additional employment capable to negatively affect the Worker's performance is allowable only upon preliminary consultation with the manager of the corresponding structural subdivision the Worker belongs to and the Company HR service.

In other cases, it is recommended that the Worker should notify the Company HR service prior to additional employment commencement.

Essential financial investments

Essential financial investments mean direct or indirect participation in a specific company, a party holding more than 1 per cent of the equity/chartered capital of such company.

The Company Workers are entitled to undertake essential investments in a company being a customer or supplier of IDGC of the North-West, JSC or any other company the Worker has interacted in the course of his/her work for the Company only upon a prior authorization of the Commission.

The Company Worker is obliged to make known to the Company all essential investments his close relatives ay have undertaken in a company being a customer or supplier of IDGC of the North-West, JSC or any other company the Worker has interacted in the course of his/her work for the Company within 10 (ten) business days.

Significant transactions

Unless otherwise stipulated by in-house documents of the Company, the latter is to be well in advanced notified of any decision as may be taken by workers or their close relatives to purchase or rent land, buildings or other assets the cost whereof is in excess of 500,000.00 RUR or such sum equivalent in any other currency (monthly cost in case of rent and lease contracts) from the Company or SDC or to sell or lease out land, buildings or other assets the cost whereof is in excess of 500,000.00 RUR or such sum equivalent in any other currency (monthly cost in case of rent and lease contracts) to the Company or SDC, such transactions subject to corporate approval.

The Commission is to be notified of the Company's intention to provide to a Worker or close members of his/her family loans, securities or guarantees no later than 10 (ten) business days prior to provision of such loan, security or guarantee.

IX. Organization of works for compliance with the Code requirements within the Company

The Company is assured that following the provisions hereof increases effectiveness of the Company's work and assists in development of efficient business ties with partners.

The Company Workers are obliged to rigorously comply with the norms and requirements hereof.

For any action or omission of action violating provisions hereof or undermining the reputation of the Company and their workers a Worker may be brought to disciplinary responsibility or subjected to other sanctions as stipulated by the effective legislation of the Russian Federation; additionally, the Worker's job competency may be questioned.

On case of vagueness of provisions hereof or difficulties in their practical application the Worker is obliged to contact his/her immediate superior and (or) the Commission Chairman for an explanation.

Compliance with the Code requirements

The Sole Executive Body of the Company ensures enforcement of and compliance with the requirements hereof.

All Workers of the Company, at the time of appointment, assumption of the office or conclusion of employment or civil contracts with the Company, are obliged to familiarize themselves herewith and acknowledge understanding of the provisions hereof with their signatures. Additionally, all Workers of the Company are obliged to acknowledge understanding of the provisions hereof in accordance with the Company's in-house proceedings at least once a month.

Workers are obliged to inform their immediate superior or the Commission of any violation hereof as they may have come aware of.

The Company is ever prepared to consider stakeholders' suggestions on introduction of amendments or supplements hereto provided such amendments or supplements are relevant, conforming to the conventional ethical norms and principles and not at variance with the effective legislation of the Russian Federation.

The Company Worker's compliance with the norms hereof is an important element of comprehensive and unbiased evaluation of such Worker's personal and professional and business qualities.

In case of violation of the provision hereof, each Worker of the Company has the right to unbiased investigation into the deviations from the norms hereof he/she has allegedly committed and is entitled to obtain the results of such investigation having been undertaken and recommendations on evading such violations in future.

The Commission contact details are to be made generally accessible to all Workers in a soft and hard copy forms (inter alia – within the Intranet, on info boards, at HR subdivisions etc).

Commission for compliance with the corporate ethics norms and settlement of conflicts of interests

For prevention of occurrence of conflicts of interests in the course of the Company's financial and business activities and settling such conflicts, whenever arising, as well for efficient implementation of the provisions hereof, a Commission for Compliance with the Corporate Ethics Code and Settlement of Conflicts of Interests Is created within the Company. The Commission competence and functioning procedure are governed by the Regulations on such Commission.

Information on violations of the provisions hereof as may have been obtained by the Commission is deemed confidential, such information integrity to be protected against unauthorized access of third parties. A person having reported a violation has the right to obtain information on progress in his report consideration.

The Company ensures for bona fide Workers having reported a violation hereof non-admittance of discrimination or other prosecution on any part. The Company will not consider anonymous reports on violations hereof. The Company guarantees confidentiality in the course of a review.

Consequences of this Code violations

Applicable to Workers of the Company (of the Company Managing Organization) having violated provisions hereof, their guilt proved following the legally established procedure, may be disciplinary penalties and other sanctions stipulated by the labor legislation as well as administrative, civil and criminal sanctions in accordance with the effective legislation.

X. Final provisions

This Code is subject to approval by the Board of Directors of the Company and takes effect from the moment of approval by the Board of Directors of the Company. An amendments and supplements hereto (restated Code approval) are introduced by decision of the Board of Directors of the Company.

The Code is a freely accessible document. The Company provides for placement hereof and all amendments hereto on a constant access basis on the corporate Internet-site at: <http://www.mrsksevzap.ru>.

The Company's activities are associated with responsibility to shareholders, the State, the Company employees, suppliers, consumers and other stakeholders. Aware of this responsibility and admitting the importance of a high level of corporate governance and ethics for successful conductance of the Company's business and for achieving mutual understanding between all the persons as may be taking interest in the Company's activities, the Company assumes the obligation to follow the principles outlines herein in the course of their activities and to take all reasonable efforts for compliance with them in the course of their everyday activities.

Anticorruption Policy of IDGC of the North-West, JSC

Introduction

The Anticorruption Policy of the Company (hereinafter referred to as the “Policy”) determines the Company’s goals in the field of discouragement of involvement in corruption activities and compliance with the requirements of the applicable anticorruption legislation of the Russian Federation as well as the applicable anticorruption legislation as may be in effect within the territories where the interests of the company and SDCs are represented.

The Policy determines objectives, ways to handle them and underlying principles for discouragement of the Company's involvement in corruption activities as well as was to minimize the risk of involvement in such corruption activities.

The Anticorruption Policy goal consists in elaboration and implementation of miscellaneous consistent arrangements to prevent and eliminate (minimize) the causes and circumstances giving rise to corruption, raising an anticorruption awareness characterized by intolerance to corruption manifestations on the part of the management and control bodies and Workers of the Company, representatives of the public, shareholders, the investment community, counteragents and other stakeholders of the Company.

The objectives of the Company’s Anticorruption Policy are:

- Shaping uniform understanding of the Company’s stand on aversion to corruption, in any forms and manifestations, with shareholders, the investment community, counteragents, the management and control bodies and Workers;
- Minimization of the risk of the Company Workers and members of the Company management and control bodies becoming involved in corruption activities;
- Prevention of corruption manifestations and ensuring responsibility for such corruption manifestations;
- Compensation for damage as may be caused by corruption manifestations;
- Anticorruption monitoring for efficiency of the arrangements made following the Anticorruption Policy;
- Raising an anticorruption corporate awareness;
- Creation of a legal mechanism preventing Anticorruption Policy actors bribing;
- Establishment of the Company Workers’ duty to know and comply with the Anticorruption Policy requirements and principles and key norms of applicable anticorruption legislation;
- Providing stimuli for positions within the Company to be filled by people averse to corruption manifestation.

1. Policy legal and methodological framework

This Policy has been drawn using principles and norms contained in the following regulatory documents:

- United Nations Convention against Corruption adopted 31.10.2003 in New York by Resolution No. 58/4 at the 51st plenary meeting of the 58th session of the United Nations General Assembly, ratified by Federal Law No. 40-FZ of the Russian Federation dated 08.03.2006);
- Criminal Law Convention on Corruption (concluded in Strasbourg on 27.01.1999 ETS No. 173, ratified by Federal Law No. 125-FZ of the Russian Federation dated 25.07.2006);
- Federal Law No. 63-FZ “Criminal Code of the Russian Federation” dated June 13, 1996;
- Federal Law No. 195-FZ “Code of Administrative Offences of the Russian Federation” dated December 30, 2001;
- Federal Law No. 273-FZ “On fighting corruption” dated December 25, 2008;
- Order No. 297 of President Of the Russian Federation “On the National Corruption Fighting Strategy and National Corruption Fighting Plan for 2012–2013” dated March 13, 2012;
- UK Bribery Act 2010, effective since 01.07.2011.

The Policy methodological frameworks include:

Recommendations of the UK Department for Constitutional Affairs on building and implementation of a system of proper proceedings to ensure conformity to UK Bribery Act 2010 published on March 30, 2011;

Transparency International the 2010 UK Bribery Act Adequate Proceedings Guidance on good practice proceedings for corporate anti-bribery programs;

ICC Rules on Combating Corruption;

Transparency International Anti-corruption Plain Language Guide 2010.

The policy adopted is implemented in accordance with the Russian Federation legislation.

2. Core principles of discouragement of involvement of corruption activities

Aversion to corruption in any forms and manifestations

In the course of their activities, the Company adheres to the principle of aversion to corruption in any forms and manifestations. The principle of aversion to corruption means strict prohibition against Workers, members of the Company management bodies and other persons as may be acting on behalf or in the interests of the Company participating (directly or indirectly, personally or via intermediation of any sort) in corruption actions irrespective of business conductance principles as may be in place in a specific country.

The Company emphasizes inadmissibility of corruption actions including prevention of the conflict of interests as equally regards representatives of the State, public associations, privately owned companies, politicians, third parties and the Company Workers by way of abuse of office to gain any personal benefit.

If having doubt as to appropriateness of his/her actions or their conformity to the requirements hereof, the Worker should consult his/her immediate superior or the Commission on the issue.

The Company reserves the right to make public information on persons having violated the requirements of the applicable legislation and hereof.

Inevitability of punishment

The Company declares their uncompromising attitude to any forms and manifestations of corruption actions at any level of corporate governance, investigates into all reasonably substantiated reports on violation of proper proceedings meant to discourage involvement in corruption captivities and brings culpable persons to responsibility irrespective of their office, record of works, status within the Company and other relationships with the latter following the procedure as established by the legislation and local regulatory documents of the Company.

The Company takes every reasonably possible and lawful efforts for maximally fast and inevitable suppression of violations.

The Company reserves the right to make public information on persons having violated the requirements of the legislation and hereof.

Lawfulness

The Company strictly complies with the legislation of the Russian Federation and other countries the norms whereof are applicable to the Company, any action or omission of action by the latter (including those dealing with discouragement of involvement in corruption activities) not at variance with the applicable legislation norms.

Proper proceedings systemic consistency and proportionality

The Company elaborates and introduces a system of proper proceedings to discourage and prevent involvement in corruption activities. The Company strives to render the proceedings maximally transparent, clear, enforceable and reasonably adequate in view of the risks revealed.

Due diligence principle

The Company undertakes review of counteragents and job applicants for trustworthiness, aversion to corruption and absence of conflict of interests prior to taking decision on commencement or continuation of business relations.

Information provision and instruction

The Company takes reasonably possible efforts to provide information and to explain the principles and norms of the applicable legislation, the Code, this Policy and other local regulatory documents with regard to discouragement of involvement in corruption activities inclusive of Workers and counteragents instruction in fundamentals of discouragement of involvement in corruption activities.

Monitoring and control

The Company carries out monitoring of introduced control proceedings meant to discourage and prevent involvement in corruption activities and controls compliance therewith.

The subdivision in charge of internal control and risk management periodically undertakes the condition of the system for discouragement of involvement in corruption activities as well s evaluation of the Company's activities conformity to the norms of the applicable legislation and hereof.

Information on the condition of the system for discouragement of involvement in corruption activities is presented to shareholders in the Company's Annual Report.

Perfection of the proper proceedings system

The Company calls on their Workers and third party stakeholders to report suspicions as they may have concerning possible violations and cases of incompliance with the provisions hereof as soon as possible as well as to propose recommendations and arrangements to perfect the system for discouragement of involvement in corruption activities. Such reports may be submitted to:

- the Commission Chairman;
- Immediate or senior superior.

The Company guarantees confidentiality for all Workers and other persons as may bona fide report on violations.

Waiver of countermeasures and penal sanctions

No penal sanctions can be applied to a Worker for refusal to give or receive a bribe or to intermedate in bribery, even if such refusal resulted in the Company suffering losses, loss of opportunities, loss of commercial and (or) competitive advantages, for bona fide report on alleged violations, corruption facts, other abuse instances or for inefficiency of the control proceedings in place.

If a Worker of the Company or another person provides knowingly false information or tries to obtain a personal benefit contrary to the Company's interests, such person may be brought to responsibility in accordance with the effective legislation and the Company's in-house documents and local regulatory instruments.

Regular evaluation of the risks of involvement in corruption activities

The Company reveals and periodically re-evaluates corruption risk characteristic of their potentially vulnerable business processes. During risks revealing and evaluation, the Company accounts for the total information of activities and plans (including investment and strategic ones) as may be available as of the evaluation or re-evaluation moment.

Control and audit

The Company ensures regular external and internal audit reviews of the internal control system, in particular – of the book-keeping and managerial accounting system as well as control over compliance with the requirements of the applicable legislation and local regulatory documents of the company inclusive of the principles and requirements established hereby.

Since the Company can be brought to responsibility for participation of their Workers, counteragents and other persons acting on behalf or in the interests of the Company in corruption activities, all reasonably substantiated suspicions of corruption actions committal will be thoroughly investigated into following the procedure as established by the Company's local regulatory documents.

3. Anticorruption monitoring

Anticorruption monitoring within the Company includes monitoring of anticorruption arrangements and measures undertaken within the framework of implementation of the Anticorruption Policy of the Company as well as revealed corruption facts and ways to eliminate them.

The core area of anticorruption monitoring are:

- Study of the labor collective's opinion of the Company corruption status and efficiency

of anticorruption arrangements made;

- Analysis of execution of anticorruption measures stipulated by the Company's organizational and administrative documents;

- Study and analysis of statistical statements of corruption facts revealed within the company;

- Analysis of complaints and petitions dealing with corruption manifestations within the Company launched by individuals and legal entities;

- Study and analysis of corruption fighting arrangements made by the Company;

- Analysis of mass media publications on corruption within the Company.