

**Public Joint-Stock Company
Interregional Distribution Grid Company of the North-West**



Appendix No. 6
to Minutes of a Session of the Board of
Directors of
IDGC of the North-West, PJSC
dated 03.05.2017 No. 240/31

APPROVED
by the Board of Directors of
IDGC of the North-West, PJSC
on 03.05.2017 (Minutes No. 240/31)

Quality Management System

**CODE
of Business Ethics and Corporate Conduct**

Saint Petersburg
2017

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1 Purpose and Scope

1.1 This Code of Business Ethics and Corporate Conduct (hereinafter – the Code) represents a corpus of general principles, standards and rules of professional ethics and internal corporate conduct, adhering to which is the responsibility of all employees of IDGC of the North-West, PJSC (hereinafter – the Company), regardless of their job title, along with the members of management and supervision bodies of the Company.

1.2 The Company employees shall comply with the provisions of this Code not only during business hours, but also in the course of non-business arrangements affecting the Company, or in cases when the Company employees are perceived by the third parties as the Company representatives.

1.3 This Code is an internal document of the Company establishing basic rules and standards of individual and collective conduct. The Company employees, along with the members of its management and supervision bodies shall use all reasonable efforts to comply with this Code.

1.4 This Code is intended to facilitate:

- achievement of strategic goals of the Company;
- creation of positive attitudes and corporate spirit shared by everyone in the Company team;
- the Company's authority strengthening and fostering trust of the shareholders, investors, creditors and other stakeholders of the Company;
- development of open and trusting relationships between the state, organizations and society with the Company;
- enhanced efficiency of the Company employees in performance of their job duties;
- preservation and building up of technological, production and research capacity of the Company and its subsidiaries and affiliates (hereinafter – the S&A).

1.5 This Code is advisory to the individuals engaged under civil law agreements executed with the Company, and to the contractors and consultants, acting as the Company agents and performing tasks assigned by the Company or representing the Company before the third parties, if they act on behalf of the Company.

1.6 This Code is aimed at implementing the mission and strategical goals, approved by the executive documents of the Company.

1.7 This Code has been developed in compliance with the in-house regulations of the Company and the following instruments:

- Federal Law No. 273-FZ On Corruption Counteraction dd 25.12.2008 (Article 13.3);
- Decree of the Government of the Russian Federation No. 511-r On Approval of Strategy for Development of the Electric Power Grid of the Russian Federation dd 03.04.2013;
- Recommended Practice for Development and Implementation of Actions to Prevent and Combat Corruption by Companies (as approved by the Ministry of Labour and Social Security of the Russian Federation on 08.11.2013);
- Russian Business Anti-corruption Charter (signed on 20.09.2012 at the Eleventh Investment Forum in Sochi);
- Corporate Governance Code (as approved by the Board of Directors of the Bank of Russia on 21.03.2014);
- Code of Business Ethics and Corporate Conduct of Rosseti PJSC (as approved by the decision of the Board of Directors of Rosseti PJSC, Minutes No. 252 dd 22.02.2016).

1.8 The responsibility for developing and updating the Code is conferred on the Department for Anti-Corruption Compliance Procedures of the Company.

2 Terms and Definitions

The following terms used in this Code shall have the respective definitions as set forth below:

2.1 *Business Etiquette* means the rules of conduct in professional relations, based on adherence to the chain of command, respect for colleagues and business partners.

2.2 *Business Gifts* means gifts received by an employee from any individual or legal entity making the gifts because of the job title of the gift receiver or his/her official job duties, with the exception of stationery, which within the frames of the protocol events, official business trips or any other official events is provided to every participant of the said events for discharge of his/her professional (job) duties, as well as flowers and valuable gifts, which are presented as recognition for achievements (a reward).

2.3 *Business partners* means customers, suppliers and other third parties, with whom business relations are established.

2.4 *Business Ethics* means the totality of values, principles and ethical conduct standards, which are accepted and shared by all employees and which represent the backbone of their activities and ensure consistency between actions of executives, business units and employees.

2.5 *Conflict of Interest* means a situation when personal interest (either direct or indirect) of a person who fills the position implying actions for prevention and resolution of the conflict of interest, exerts influence on proper, objective and unbiased discharge of official job duties (exercise of powers).

2.6 *Corruption* means abuse of office, offering or taking bribe, abuse of powers, commercial bribery or any other illegal use by an individual of his/her job position contrary to the legitimate interests of the society and the state in order to derive benefits in the form of money, valuable items, other property items or property-related services, other property rights for oneself or for the third parties, or illegal providing of benefits to aforementioned individual by other individuals. Commitment of the above specified actions on behalf or for the benefit of the legal entity shall also constitute an act of corruption.

2.7 *Close Relatives of the Company Employees by Blood or Marriage* means parents, spouses, children, siblings of the Company employee, as well as the siblings, parents, children of spouses and spouses of children of the Company employee.

2.8 *Immediate Subordination* means a relationship between the managers and the employees, in which the direct manager closest to the subordinate has authority and management powers over this subordinate.

2.9 *Direct Subordination* means a relationship between the managers and the employees, in which the manager has authority and management powers over the employees, including power to give orders, directions, instructions and tasks mandatory for execution, to make decisions concerning hiring (dismissal), assessment of employees' professional and personal skills, size of salary, bonus and other remunerations.

2.10 *Gifts* mean any gifts in the form of goods, services or cash equivalents (such as cheques, traveller cheques, gift cards and certificates, vouchers, shares) and any gestures of business politeness, tokens of gratitude, discounts, credits, and any other valuable items, for which the receiver is not paying their full price.

2.11 *Labour Dynasty* means a group of production employees of the Company related by blood or by marriage (parents, spouses, children, siblings, as well as siblings, parents, children of spouses and spouses of children), including at least three persons, representing at least two generations and characterized by transfer of professional skills from the older to the younger generation.

3 Corporate Values

3.1 The Company will never sacrifice its values for the sake of profit and perceives the said values as an interlink between all lines of business expecting the same attitude from its business partners. Attaching the vital importance to its corporate values, the Company maintains a corporate culture of the highest standard.

3.2 The corporate values of the Company include:

- Reliability;
- Human resources;
- Efficiency;
- Safety;
- Social responsibility.

3.3 The Company seeks to ensure the most reliable and uninterrupted power supply to satisfy the needs of the Russian Federation economy and social sector by implementing a whole range of all necessary organizational and technical activities, securing reliable performance of the electric power grid infrastructure facilities and taking necessary steps to ensure safety of electric power facilities of S&A.

3.4 The key asset of the Company is its employees, thanks to whom the Company has been creating, preserving and building up its value and authority over a long span of time. Accomplishment of strategic tasks and goals set to the Company by the government largely depends on the professional competence, diligence and safety of labour practices of its employees.

The Company values every employee, regardless of the employee's gender, age, skin color, nationality or job title. For that reason all employees are offered equal opportunities for successful and efficient performance, professional development and career advancement.

The Company relies on the principles of honesty and objectiveness when staffing the Company (including managerial positions). The employees are appointed and promoted only based on their professional qualities.

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

The Company encourages the succession of generations by promoting respect to the experience of veterans and ensuring knowledge and tradition transfer to the young employees, including within the labour dynasties.

3.5 The Company recognizes its duties towards its shareholders, investors and partners, for which reason efficiency of its operations is viewed as the basic value. The Company is committed to continuously improve its profitability through strategic initiatives implemented by the management and supervision bodies, top executives and shareholders of the Company.

3.6 The Company employs a strictly regulated and balanced approach to implementation of safety measures intended to prevent any potential offenses against law.

3.7 The Company runs a socially responsible business and places great emphasis on the environmental protection, occupational safety and implementation of social programs.

4 Principles of Corporate Conduct of the Company Employees

4.1 The principles of corporate conduct of the Company employees include:

- Professionalism;
- Diligence and responsibility;

- Interaction and cooperation;
- Image and reputation;
- Confidentiality.

4.2 Working in Rosseti Group of Companies, which is of strategic importance for the electric power grid complex, implies use of professional skills and competences and creation of a highly professional production environment aimed at securing high-quality and reliable power supply, as well as timely and transparent technological connection to electric grids at an affordable price.

4.3 The Company employees have a strong sense of responsibility to discharge of their job duties, preventing any possibility of negligence or mistake.

Each employee is personally liable for his/her actions and decisions and has no right to shift his/her liability to other employees. Each employee makes the most efficient and prudent use of the Company resources at his/her disposal only for work purposes.

4.4 Interaction with business partners is based on a long-term cooperation in full compliance with the corporate rules.

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

4.5 Management decisions and actions of the Company employees shall be aimed at maintaining the Company's positive image and preventing situations, when such actions may adversely affect business reputation of the Company or its S&A.

4.6 The Company employees ensure protection of any confidential information (including information constituting trade secret or insider information) loss (leakage) whereof may cause damage to the Company or its S&A, with account of disclosure requirements established by law. Failure to protect confidentiality incurs the disciplinary, civil, administrative or criminal liability in accordance with the law of the Russian Federation.

5 Rules of Conduct in Work-Related Setting

5.1 All employees shall interact based on the principle of mutual respect and carefully observe the right for protection of private life and human dignity. Respectful attitude to each other, the values and traditions of the Company, its shareholders, members of the Board of Directors, veterans and business partners help to create the open, fair and tolerant work environment.

5.2 Any discipline or ethics violations jeopardizing the work process reliability and safety are inadmissible in the Company, including:

- uncoordinated decisions detriment to the interests of the Company and/or other employees;
- systematic failure to perform and/or poor performance of job duties;
- disclosure of confidential, insider or any other information constituting the Company's trade secret;
- staying at the workplace while intoxicated with alcohol, narcotic or toxic substances;
- use of abusive language;
- negligence or willful non-compliance with occupational safety requirements;
- any kind of discrimination against employees or disrespect to colleagues, business partners or competitors of the Company.

5.3 The Company employees in performing their job duties shall adhere to a strategy of absolute rejection of corruption, commercial bribery, abuse of powers, non-competitive behavior, fraud and any other abuse of any kind and manifestation. Employees of the Company and its S&A are obliged to:

- refrain from committing and/or abetting corruption or any other offenses against law in own interest or on behalf of the Company or S&A;
- refrain from behavior that may be interpreted by others as readiness to commit or abet corruption or any other offense against law in own interest or on behalf of the Company or its S&A;
- immediately report any cases of the employee incitement to commit corruption or any other offenses to the business units dealing with corruption combating (prevention) and compliance control within the Company or its S&A.

5.4 Willful falsification and/or distortion of information, reports and other documents provided to state authorities and other users is prohibited within the Company. Distribution of inaccurate information, concealment or distortion of facts, misuse of information obtained through discharge of job duties or relationships with mass media.

5.5 In order to prevent the use of insider information the Company employees cannot disclose it until this information is publicly disclosed. When in possession of such information, the employees cannot transfer it to their relatives or any other persons.

The non-disclosure commitments with regard to confidential information shall be honored even after the end of service in the Company or its S&A.

5.6 The employee shall not use internet and corporate e-mail for personal matters. The employee of the Company is prohibited from posting any work materials or to act as a representative of the Company with statements or comments, if this is not a part of his duties.

5.7 The Employee shall not make any public statements, judgments or assessments with regard to the activities of the Company, its executives, S&A or S&A executives, colleagues or partners in mass media, which may adversely impact the image and business reputation of the Company. If mass media representatives get in touch with the Company employee, he/she shall immediately inform thereof a head of the public relations department. All requests from mass media, including for arrangement of meeting with the Company management, shall be directed to the public relations department.

6 Business Ethics of Managers

6.1 The Company officials shall in practice set an example of ethical conduct, compliance with anti-corruption laws and internal documents, including this Code.

6.2 In discharge of job duties the managers of all level shall:

- be guided by the Company interests, work in a diligent manner, continuously enhance professional skills and competencies;
- demonstrate leadership, serve as an example of conduct, adhere to the standards of business ethics and generally recognized rules and standards;
- treat employees with respect, observe their rights, in management practice never use methods that impair personal dignity of employees, take reasonable legitimate decisions;
- follow business communication standards in professional activities, maintain good business reputation and image of the Company in relationships with business partners and contractors;
- act on the basis of strategic and tactical plans, as well as decisions taken by the management bodies of the Company;
- prevent the Company's involvement in dubious transactions (dealings) that may cause material or reputational damage to the Company;
- take all necessary measures to prevent or resolve any conflict of interest between the Company employees.

7 Relationships with Shareholders and Investors

7.1 The Company is conducting its business with account of interests of its shareholders, seeking to maintain an efficient dialogue with them based on commonality of goals of the Company and its shareholders.

7.2 In order to ensure a real possibility for the Company shareholders to exercise their rights, the Company in a regular and timely manner provides to the Company shareholders complete and accurate information on various issues, including on the company activities, payment of dividend, agenda of the General Meeting of Shareholders and other issues.

7.3 In relationships with the shareholders the Company seeks to prevent or resolve fairly any possible corporate conflicts between the Company and its shareholders, while ensuring protection of the shareholders' rights and compliance with the law and internal documents.

7.4 The Company strives to improve its investment appeal by carrying out efficient and effective activities, increasing information transparency and maximizing the market price of its securities.

7.5 A key factor of interaction with the investment community is ensuring timely disclosure of objective, reliable and consistent information on the Company's activities and leading an active dialogue with investors and analysts within the framework of the applicable legislation requirements.

8 Corruption Prevention and Combating

8.1 The Company does not accept corruption in any form and expects that its business partners adhere to the same principles.

The Company employees shall report any cases of incitement to commit a corruption offense.

The Company and its S&A implement a uniform anti-corruption policy, inter alia establishing the following rules:

- the Company employees shall comply with the requirements and restrictions established by the corruption counteraction laws, Recommended Practice for Development and Implementation of Actions to Prevent and Combat Corruption by Companies and the Anti-corruption Policy of Rosseti PJSC and its S&A both inside and outside the Russian Federation. The Company is making continuous efforts to improve efficiency of the anti-corruption compliance system;

- the Company does not tolerate any attempts to exert undue influence on decisions of state or municipal agencies, including bribery, offering unacceptable gifts, hiring relatives of state or municipal officials, charity or sponsorship in response to requests of state or municipal officials (making decisions favourable for the Company) serving in corresponding state or municipal agencies;

- the Company employees must not offer, promise, authorize or transfer on behalf or in the interests of the Company any unlawful remuneration of any kind to any official, any person performing management functions in a commercial or any other organization, any foreign official or any official representing public international organization;

- the Company employees must not ask for or accept undue remuneration in any form from any organizations, individuals or officials.

8.2 Prevention and Resolution of Conflict of Interest

1) In order to limit the interference of private concerns and personal interest of employees with their job duties and business decisions, the Company takes measures to identify, prevent and resolve any conflicts of interest.

2) Neither employee of the Company may use his/her official status for resolution of a conflict situation to his/her advantage and/or for his/her own benefit or benefit of any other persons related to that employee. Employees of the Company and its S&A are obliged to:

- be guided by the interests of the Company and its S&A when making decisions on business matters and performing their job functions;
- avoid any situations or conditions which may result in a conflict of interest;
- expose any developed (real) or potential conflicts of interest, including report on the outbreak of conflict of interest and complete a declaration on the conflict of interest;
- assist for resolution of the conflict of interest.

In case of any conflict of interest the employees shall inform thereof their direct supervisor and a collegial body of the Company authorized to oversee matters dealing with ethical conduct, i.e. the Committee for Ethics and Compliance and Resolution of Conflict of Interest (hereinafter the Committee).

3) The Company adheres to a principle when direct subordination or control is possible only between persons not related by blood or marriage. Direct subordination or control between employees related by blood or marriage may be accepted only in exceptional cases upon decision of the Committee.

The hiring of persons closely related by blood or marriage to the Company employees is prohibited, if the position in question implies direct subordination between the employee and his/her close relative.

The ties of kinship between employees shall not adversely affect the in-job performance of these employees.

4) Employment outside the Company means any additional activity in the capacity of a member of management and supervision bodies, consulting and advisory bodies, an ordinary employee or in any other capacity within the company operating in an industry different from the electric power industry.

A secondary job in the company being an indirect or direct competitor of the Company is not welcomed.

It is recommended that before getting any additional job (secondary job or delivery of services under the civil law agreement) in an entity being a partner of the Company or in any other entity, with which the employee interacted through his job functions within the Company, the employee shall inform thereof the personnel department of the Company or the department responsible for prevention of corruption and other offenses.

5) All known cases of investments made to the customer entity or the supplier entity of the Company or to any other entity with which the employee interacted through his job functions within the Company, by this employee or his/her close relatives shall be reported by the Company employee to the department responsible for prevention of corruption and other offenses.

9 Gifts

9.1 Acceptance of a gift by the employee may be assessed negatively by other employees or any other persons (including shareholders, counterparties, state or state agencies, professional unions and associations, participants of securities market) even if there is no manifestation of bad faith or imprudence in the intentions of the employee and the gift giver.

9.2 Gifts from the counterparties or partners to any persons closely related to the Company employee by blood or marriage or any other close relatives of the employee are treated in pursuance of this Code as gifts to the employee, except for cases when the aforesaid persons are the employees of the counterparty or the partner.

The Company employee shall report to the department responsible for prevention of corruption and other offenses any cases of gift giving by the counterparties or partners of the Company to persons closely related to the employee by blood or marriage or any other family members of the employee, of which this employee has knowledge, within three business days after the gift acceptance.

9.3 The Company employee cannot accept gifts related to execution of his/her job duties from entities or individuals, with respect to which the employee is making decisions (performing actions), facilitating benefits for the said entities or individuals in the form of cash or non-cash funds, alcohol products, securities, jewelry or any other luxury items.

9.4 Restrictions for acceptance of gifts established by this Code shall not apply in the following cases:

- acceptance of corporate souvenirs (pens, notepads, dayplanners, etc.) as a gift from the counterparties or customers of the Company;
- acceptance of gifts in the course of official or other event (conference, round-table), all participants of which regardless of their organizational affiliation received the same gifts.

9.5 Any forbidden gifts shall be rejected. If business hospitality traditions make it impossible to reject the gift, the gift shall be accepted and a question of its further fate shall be forwarded for consideration to the Committee.

9.6 In case of any doubts regarding acceptability of the gift or any other questions related to the line of behavior with the gifts, the employee shall seek clarification from the management.

9.7 The Company employees shall notify their direct supervisor in pursuance of the internal regulations of the Company of all business gifts received due to their job title or performance of job functions.

10 Corporate Image

10.1 Corporate image of the Company is formed by behavior and appearance of its employees, therefore each employee shall follow business etiquette rules and wear clothes fitting the circumstances (formal attire in the office, working uniform in the production workshop).

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

The employees and heads of business units, engineers and technicians, supposed to perform their job functions in the production workshop, receive work uniforms. The employees working in production workshops shall wear work uniforms all working days without exceptions.

10.3 Control over compliance with this requirement shall be executed by the heads of business units. This means that the head of business unit has a right to give a polite reminder of this requirement to the employee.

10.4 The actions resulting in damage to reputation of the Company and/or reputation of the Company's employees, including the disparaging treatment of the Company brand marks and the inappropriate use of branded clothes and attributes are not permissible.

11 Occupational Safety and Health Protection

11.1 The Company strives to ensure a work environment as safe as possible for its employees. But even the most advanced machinery and devices cannot guarantee occupational safety and accident prevention, if the employees are not observing the established occupational safety standards. Due to this one of the most important factors for reducing occupational injuries in the Company is the proliferation among the Company employees of a culture of strict compliance with the safety standards.

11.2 Each employee shall understand that compliance with the safety standards means not only adherence to the regulations, but also taking care of his/her own life and health and the life and health of his/her colleagues.

11.3 Abiding by the below rules is not just an obligation, but also a moral duty of each employee:

- always comply with accident prevention and occupational safety standards;
- demand from colleagues and subordinates an absolute compliance with accident prevention and occupational safety standards.

12 Environmental Protection

12.1 The Company is totally aware of its responsibility towards the current and future generations for the environmental impact of the activities of the Company and its S&A.

12.2 The Company is consistently implementing production technologies minimizing the negative environmental impact and consumption of materials and resources to the extent possible.

13 Measures to Ensure Compliance with the Code

13.1 Compliance with this Code is an integral element of the Company's corporate culture.

Efficiency of this Code depends in particular on observance of its provisions by every employee and on personal commitment of every employee to stop or prevent the offense.

13.2 This Code imposes additional obligations on the managers at all levels. The managers are obliged to:

- ensure understanding of requirements established by this Code by their subordinates;
- consistently and firmly ensure practical observance of the provisions of this Code.

13.3 If the employee has any doubts as to his/her behavior in any complicated situation described in this Code or faces any situation when the rules set forth by the Code are violated, he/she may seek recommendation, advise or help:

- from his/her direct supervisor;
- from the department responsible for prevention of corruption and other offenses.

13.4 An obligation to ensure compliance with this Code is imposed on the Committee for Ethics and Compliance and Resolution of Conflict of Interest in charge of the following matters:

- resolution of any pre-conflict situations which may arise in business units of the Company and information about which was forwarded to the Committee for consideration;
- resolution of the conflict of interest between the Company employees, members of the Committee, executives of S&A;
- consideration of violations of the Company's business ethics and corporate conduct standards;

- other matters which may arise in accordance with the Regulations on the Committee for Ethics and Compliance and Resolution of Conflict of Interest, as adopted by the Company.

13.5 The Code shall be approved by a decision of the Board of Directors of the Company.

14 Accountability

14.1 Observance of provisions of this Code by the Company employees is an element essential to successful accomplishment of strategic goals of the Company and objective assessment of personal and professional qualities of the employees, it impacts decisions on incentives and professional or career advancement of the employees. Observance of standards established by this Code is ensured through daily efforts of the employee.

14.2 Public conviction and/or disciplinary measures as prescribed by labor legislation of the Russian Federation and internal regulations of the Company governing labor relations with personnel may be imposed on the employees having committed a violation of the provisions of this Code. If the violation is minor the recommendations on changes in the line of behavior in accordance with the principles set forth by this Code may be given.