

Approved  
by the Resolution of the Board of Directors  
of JSC RusHydro  
Minutes No. 152 dated May 21, 2012

**JSC RUSHYDRO  
CORPORATE CODE OF ETHICS**

**Moscow, 2012**

## **Terms and definitions**

The following terms are used in this Corporate Code of Ethics with the following meanings:

**Company** shall mean JSC RusHydro.

**Employees** shall mean the individuals employed by the Company, including the management of the Company.

**Family Members** shall mean people recognized as such under the law of the Russian Federation.

**Conflict of Interest** shall mean a situation where personal interests of one or more Employees or their Family Members conflict with the interests of the Company.

## **1. GENERAL PROVISIONS**

1.1. The JSC RusHydro's Corporate Code of Ethics has been developed in accordance with Federal Anti-Corruption Law No. 273-FZ dated December 25, 2008, the JSC RusHydro's Corporate Management Code and other local regulations of the Company.

1.2. The JSC RusHydro's Corporate Code of Ethics (hereinafter referred to as the Code) is a collection of general professional ethics principles and basic ethical rules to be complied with by the Company employees regardless of their position, as well as by the members of the Company Board of Directors.

1.3. The Company employees and the members of the Board of Directors shall take all necessary measures to comply with the provisions of this Code.

1.4. The purpose of this Code is to set ethical standards and rules for the conduct by the Company employees and members of the Board of Directors in order to:

1.4.1. Ensure that the Company employees and members of the Board of Directors perform their duties properly.

1.4.2. Promote the authority of the Company and trust of the shareholders, investors, creditors, and other stakeholders in the Company.

1.5. This Code is intended to make the performance of the Company employees' professional duties more efficient.

## **2. BASIC PRINCIPLES AND ETHICAL RULES**

2.1. The main ethical principles of the Company employees shall be the basis for their conduct related to their professional duties.

2.2. The Company employees shall:

2.2.1. Perform their professional duties in good faith and in a highly professional manner in order to ensure effective operation of the Company.

2.2.2. Carry out their professional activities strictly within the limits of their authority.

2.2.3. Make no preferences for any of the Company's counterparties and organizations and be independent of their influence.

2.2.4. Exclude any activities related to the influence of any personal, financial, or other interests preventing them from performing their professional duties in good faith.

2.2.5. Comply with the limitations and restrictions in the course of their professional duties as prescribed by this Code and other local regulations of the Company.

2.2.6. Remain impartial and exclude any possible influence of the decisions of political parties and private associations on their professional activities.

2.2.7. Strictly follow the standards of labor and professional ethics and rules of business conduct.

2.2.8. Treat colleagues, counterparties and other Company stakeholders in a polite, friendly, regardful, attentive and tolerant manner.

2.2.9. Show tolerance and respect for the customs and traditions of their colleagues and counterparties, taking into account their cultural and other differences, including those of various ethnic, social, and religious groups.

2.2.10. Refrain from using their position in the Company to influence the activity of government agencies, local authorities, organizations, officers, state/municipal officials, and citizens to address any matters of a personal nature.

2.2.11. Refrain from public statements, judgments and characterizations regarding the activities of the Company, unless it is a part of the professional duties of the respective Company employee.

2.2.12. Comply with the Company rules for public communications and professional information disclosure.

2.2.13. Continuously attempt to ensure that the resources belonging to the area of responsibility of the Company employee are managed in the most efficient manner possible.

2.3. The Company employees shall comply with the Constitution of the Russian Federation, Federal Constitutional Laws and Federal Laws, other regulations of the Russian Federation and local regulations of the Company.

2.4. The Company employees shall not commit any illegal actions.

2.5. A Company employee acting in the course of their professional duties may not receive any compensation from individual or corporate counterparties of the Company (gifts, cash compensation, loans, tangible services, entertainment or recreation for such employee and their family members, transportation or other consideration), except for goods/works/services obtained on actual market terms.

2.6. Information about the gifts received by the Company employees in connection with protocol activities, business trips and other official events shall be reported according to the procedure specified in the respective local regulations of the Company.

2.7. A Company employee may process and transfer the Company's internal information, including proprietary and insider information of the Company, subject to compliance with the provisions and requirements specified in the respective local regulations of the Company.

2.8. A Company employee shall take the appropriate measures to ensure the security and confidentiality of the information for unauthorized disclosure of which they may be held liable and/or which became available to them in the course of their professional duties.

2.9. The Company managers shall:

2.9.1. Show an example of professionalism and impeccable reputation to their subordinates in the Company and promote a moral and psychological environment favorable for the operation of the Company or its respective department.

2.9.2. Take all necessary measures to prevent and settle any conflicts of interest.

2.9.3. Take all necessary measures to prevent unlawful actions by their subordinates which may be intended to harm the Company's interests.

2.9.4. Not coerce the Company employees to participate in the activities of political parties and private associations.

2.10. Take measures to prohibit unlawful actions by their subordinates in the Company.

2.11. Show a personal example of integrity, impartiality, and justness.

2.12. A Company manager shall be held liable for the actions or inaction of his or her subordinates in the Company violating the ethical principles and rules pursuant to the local regulations of the Company, unless he or she has taken all necessary measures to prevent such actions or inaction.

### **3. CONFLICT OF INTEREST**

3.1. The Company employees and members of the Board of Directors shall act in the interests of the Company and avoid any conflicts of interest.

The Company employees and members of the Board of Directors shall place the interests of the Company above their personal interests and interests of their affiliates.

3.2. The employees shall:

3.2.1. Refrain from any conduct which could cast doubt over their bona fide performance of their professional duties and avoid any conflict situations which may harm their reputation or that of the Company.

3.2.2. Take measures to prevent conflicts of interest and settlement of existing conflicts of interest according to the local regulations of the Company.

3.2.3. Refrain from simultaneous employment at companies/organizations outside the JSC RusHydro Group, with the exception of teaching, creative and research activities, as long as they do not cause a conflict of interest.

3.2.4. Refrain from receiving any direct or indirect personal loans or services from any individual or legal entity which is in business relations with the Company or which endeavors to establish such relations. This provision shall not apply to organizations offering such services or loans in the course of their regular business operations.

3.2.5. When being hired by the Company and while performing their professional duties, to declare any existing or potential personal interest which may impact upon proper performance of their professional duties.

3.3. The Company expects its employees to carry out transactions with the suppliers, customers, contractors, and other parties in business relations with the Company, solely in the interests of the Company and its shareholders, without favoritism or preferences for third parties based on personal considerations of the employees.

When a conflict of interest cannot be avoided, the employees shall notify their managers and the Company Director for Internal Supervision and Risk Management of the same, and, upon approval by the Management, take measures to resolve the conflict.

The members of the Management Board shall bring the conflict of interest to the attention of the Personnel and Compensations Committee of the Board of Directors and the Company Director for Internal Supervision and Risk Management. The members of the Management Board of the Company shall coordinate activities for resolution of the conflict of interest with the Personnel and Compensations Committee of the Company Board of Directors.

3.4. Each member of the Board of Directors shall refrain from activities which will or may potentially cause a conflict of interest between them and the Company, and if such conflict arises, the respective member of the Board of Directors shall disclose the information about the conflict to the Personnel and Compensations Committee and/or the Company Board of Directors.

3.5. The members of the Board of Directors shall:

3.5.1. Not perform any transactions with the securities of the Company and/or its subsidiary or subordinate companies using confidential and/or insider information.

3.5.2. Upon being elected to the Board of Directors of the Company and in the course of duties of a member of the Board of Directors disclose any existing or potential personal interest which impacts or may impact performance of their duties and decision making.

3.6. The members of the Board of Directors and the members of the Management Board of the Company shall submit written notification to the Board of Directors, the Internal Audit Commission and the Company Auditor if they are aware of any transactions performed (or planned to be performed) by the Company in which they may be deemed to have an interest. Such transactions shall be performed according to the procedure prescribed by the law of the Russian Federation.

3.7. The members of the Management Board, Sector Directors, the Chief Accountant (head of the Accounting and Reporting Department), Department heads, Directorate heads, employees of the sole-person executive body (assistants, advisors and other employees performing similar functions), directors of the Company branches and their deputies, as well as the members of the Board of Directors of the Company, shall annually, on or before April 30 of the year following the reporting year, provide the Chief Accountant (head of the Accounting and Reporting Department) of the Company with information about their income, owned property and financial obligations, participation in the operation of other companies, including contractual relations with other organization, ownership of stock or shares in the capital of other organizations, including the Company and its subsidiaries/affiliates, and the same of their families according to the procedure specified in the local regulations of the Company.

#### **4. RECOMMENDED ETHICAL STANDARDS FOR EMPLOYEES AND MEMBERS OF THE BOARD OF DIRECTORS**

4.1. In the course of their duties, the employees and the members of the Board of Directors shall follow the principles of integrity, objectivity and constructiveness.

4.2. The employees and members of the Board of Directors of the Company shall proceed from constitutional provisions about the supreme value of a person, its rights and liberties, and the right of each citizen to protection of their honor, dignity and good name.

4.3. The employees and members of the Board of Directors shall refrain from:

4.3.1. Any expressions and actions that are discriminatory in terms of gender, age, race, ethnicity, language, citizenship, social or family status, prosperity, political or religious preferences.

4.3.2. Rudeness, dismissive attitude, arrogance, biased criticism and unjustified or undue accusations.

4.3.3. Threats, offensive expressions or statements and actions preventing adequate communication or provoking unlawful conduct.

4.3.4. Participation in the activities of nationalist and ultra-radical parties, movements, and organizations.

4.4. The employees and members of the Board of Directors of the Company are encouraged to adhere to the basic ethical principles and rules specified in this Code outside their working hours.

4.5. The employees of the Company are encouraged to promote business relations in the team and constructive cooperation with each other, their counterparties and other Company stakeholders.

4.6. The appearance of a Company employee during the course of their professional duties, depending on the working conditions and type of the professional activities, shall correspond to the generally accepted business style, characterized by a formal, reserved, traditional and tidy appearance.

4.7. The members of the Board of Directors shall take into account the following provisions during their activities:

4.7.1. A member of the Board of Directors shall not use their position in a way that harms the Company or its shareholders, or for the purpose of receiving direct or indirect benefit for themselves or any dependent person or entity, with the exception of receiving compensation for their work within the Board of Directors and its committees.

4.7.2. In the course of their activities, a member of the Board of Directors shall endeavor to contribute to the successful development of the Company, improvement of its reputation and increase of its shareholder value.

4.7.3. A member of the Board of Directors shall take part in the selection of goals, tasks, values and development of the strategy, and assist in the implementation of better corporate governance and information transparency standards in the Company.

4.7.4. Within the limits of their authority, a member of the Board of Directors shall promote the protection of the lawful interests of the Company and its shareholders from the unlawful actions of any third parties.



4.7.5. A member of the Board of Directors shall be familiar with Russian law in order to have a clear understanding of their liability as a member of the Board of Directors. If the securities of the Company circulate in any foreign markets, a member of the Board of Directors is also encouraged to learn about the liability arising under the law of the respective jurisdictions.

4.7.6. In their relations with third parties a member of the Board of Directors shall display loyalty to the Company and protect the interests of the Company and its shareholders.

4.7.7. A member of the Board of Directors shall not have any relations with third parties, including the competitors of the Company and their affiliates, if such relations inflict direct or indirect harm on the image, business or lawful interests of the Company and its shareholders. This provision shall apply regardless of whether such relations produce benefits for the member of the Board of Directors personally and/or for their affiliates.

4.7.8. A member of the Board of Directors shall not disclose confidential information (or information containing commercial secrets), which may not be disclosed to third parties according to the applicable law or internal regulations of the Company, unless the disclosure of such information has been directly approved by the Board of Directors.

## **5. FINAL PROVISIONS**

5.1. Upon becoming an employee of the Company, the individual shall familiarize themselves with the provisions of this Code.

5.2. Any breach of this Code by a member of the Management Board of the Company or the Board of Directors shall be reviewed by the Personnel and Compensations Committee of the Company Board of Directors; breaches by other Company employees shall be reviewed according to the procedure prescribed by the local regulations of the Company.

5.3. The Company employees shall report violations of the provisions of this Code to the Company Director for Internal Supervision and Risk Management using specialized employee feedback channels (JSC RusHydro Trust Line)<sup>1</sup>.

5.4. This Code, including any additions and amendments hereto, shall be approved by the Board of Directors of the Company.

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<sup>1</sup> Rules governing the operation of the JSC RusHydro Trust Line are approved by Company Order No. 385 dated April 27, 2011.

5.5. If this Code (or certain provisions hereof) contravenes the law of the Russian Federation, this Code (or certain provisions hereof) shall become void and, until this Code is amended, the respective matters shall be governed by the law of the Russian Federation.

5.6. This Code shall be published on the Company's website.