

**APPROVED by  
the decision of the Board of Directors  
of PJSC MMK  
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**Chairman of the Board of Directors of  
PJSC MMK**

\_\_\_\_\_ **V.F. Rashnikov**

**CODE OF ETHICS  
OF PJSC MMK GROUP**

**Magnitogorsk**

## Contents

Introduction .....	3
1. Mission and core values of the Group .....	3
2. Ethical principles and standards of the Group .....	3
2.1 Internal relations.....	3
2.2 External relations.....	4
2.2.1 Relations with the customers, business partners, competitors and investors .....	4
2.2.2 Relations with society as a whole .....	5
2.2.3 Relations with government authorities.....	5
2.2.4 Gifts and hospitality expenditures.....	5
3. Utilization of resources.....	6
4. Health, safety and environmental protection.....	6
5. Conflict of Interest.....	7
6. Practical implementation of the Code.....	7
7. Reporting violations of the Code.....	8

## Introduction

The Code of Ethics of PJSC MMK Group (hereinafter referred to as the "Code") is a statement of corporate norms, principles and requirements that are the basis for the ethical business conduct, and governs not only the behavior of employees and their relationships in the team, but also the relations between employees and customers, business partners, investors, government bodies, competitors and society.

The provisions and requirements of the Code are the same for everyone and every employee of the Group undertakes to know, respect and comply with them in his/her professional activities.

### 1 Mission and core values of the Group

The Group's mission is to be a reliable supplier of high-quality steel products that meet the needs of Russian customers for the purpose of developing the company to the level of a world leader in efficiency, creating high added value for shareholders and improving the quality of life of our employees and people in the locations of the company's assets.

To pursue its mission, the Group maintains a high level of corporate culture, which is based on the following values:

- **Honesty** in relationship and provision of information;
- **Respect** for the rights and interests of employees, customer requirements, terms of interaction put forward by business partners and society;
- **Fairness**, which implies performance-based labor remuneration and equal opportunities for professional growth;
- **Efficiency** and sustainable achievement of maximum results;
- **Care**, which is manifested in the Group's aiming to protect its employees and society from any harm to life and health and to preserve the environment.

### 2 Ethical principles and standards of the Group

#### 2.1 Internal relations

The Group values its employees and expects from them high standards of business conduct and professional achievements through adhering to the following principles:

- respect for personal freedom, human rights and dignity, treating employees with trust and providing equal opportunities. Any form of discrimination or harassment at the workplace and behavior that would be considered offensive and unacceptable by the majority of people (society) is not allowed;
  - objectivity in assessing employees, their deeds, new approaches to the implementation of tasks and different points of view;
  - encouragement of leadership as the ability to offer solutions at all management levels and the personal responsibility of each employee for the performance of assigned tasks;
  - initiative and maximum contribution to solving the tasks the Group is facing.
- Each employee can approach the managers with a proposal for improving performance;

- personal, friendly and family ties should not hinder the implementation of the principle of equal opportunities, should not limit employees in making effective decisions and should not allow the disclosure of confidential information;
- creating the conditions for professional and personal growth and development of employees, aimed at improving the quality of work and achieving the goals.

The Group strives for an open and constructive dialogue with employees: it regularly informs them about its activities through the corporate website and newsletters; conducts a survey to determine the level of employee satisfaction.

## **2.2. External relations**

### **2.2.1 Relations with customers, business partners, competitors and Investors**

In its activity the Group:

- always aims to fulfill its obligations and expects its partners to fulfill their obligations;
- strives for a long-term and mutually beneficial cooperation and builds relations with its business partners on the principles of respect, trust, honesty, fairness and objectivity;
- focuses on customer needs and guarantees high quality products and services, stability and predictability;
- is committed to fair competition, does not use any form of unethical influence on its partners or competitors;
- adheres to the need to prevent, identify and properly investigate fraud and looks forward to a similar approach on this issue from its business partners;
- maintains a high level of confidence of shareholders and investors, taking into account their proposals and expectations;
- provides full support to external auditors. The employees of the Group always provide reliable and accurate financial information to external auditors and do not take direct or indirect inappropriate actions that may influence, mislead or deceive the external auditors of the Group;
- fully complies with anti-money laundering laws and regulations. The Group makes reasonable efforts to establish business relationships only with customers and business partners who are of good standing and are engaged in lawful activities, whose funds are coming from legitimate sources;
- carries out its activities without the use of bribes or corruption.

Employees of the Group must not be engaged in dishonest or fraudulent activities, including financial reporting and accounting, are required to counteract manifestations of corruption and take measures to prevent it in accordance with the applicable Anti-Corruption Policy, and must not make false or misleading statements.

### **2.2.2 Relations with society as a whole**

The Group's relations with the external environment are based on the principles of open dialogue, transparency, consistency and efficiency with a reasonable balance of interests. The Group considers social partnership as an integral part of sustainable

development of the regions where its assets are located, it carries out its social activities by means of:

- developing and supporting the local social initiatives aimed at improving the quality of life of people;
- encouraging the participation of employees and their family members in the Group's social initiatives, solving socially significant problems and creating the necessary conditions for this;
- providing employees with equal opportunities to participate in the Group's social programs and using transparent mechanisms for financing of social activities.

### **2.2.3 Relations with government authorities**

The Group builds and maintains sound, constructive and transparent relations with government bodies and government officials on a legal basis:

- does not attempt to influence unfairly the decision-making by the government authorities;
- complies with all laws and requirements applicable to its business;
- provides complete and reliable data on the Group's activities to government authorities in accordance with the requirements of applicable law;
- guarantees the accuracy, objectivity, relevance, timeliness and reliability of information that is required to be disclosed in reports and documents provided by the Group for public use.

### **2.2.4 Gifts and hospitality expenditures**

Gifts, favors and hospitality expenditures may be provided at the expense of the Group or accepted from a competitor, individual or a company that does business with the Group or is seeking to establish one, only if they meet all of the following criteria:

- are not cash or cash equivalents;
- are in line with the accepted business practices, do not go beyond generally accepted courtesy, and do not violate applicable laws or ethical standards;
- the cost is insignificant;
- do not influence business decisions and cannot be interpreted as bribery in the interests of the giver;
- disclosure of such gifts or favors will not put the employee in an uncomfortable position and will not cause a reputational risk for the Group.

## **3 Utilization of resources**

The group provides employees with all the resources they need to achieve their goals. In order to use the resources of the Group in an efficient way, employees must follow the following principles:

- take good care of the property and funds of the Group and try to protect the property of the Group from loss, damage, theft and destruction;
- not to use their position in the Group, funds, information and resources of the Group to their personal advantage;
- make rational use of their time and the time of colleagues and business partners;

- not to disclose secrets protected by law (state, commercial, official and other) that have become known to an employee in connection with the performance of his/her duties or by accident, including the personal data of another employee.

Each employee in the course of his/her work must prevent any unauthorized access to confidential information and immediately report cases of unfair provision, receipt, abuse of confidential information or cases of other misuse of it.

#### **4 Health, safety and environmental protection**

The Group values the life and health of an employee higher than economic results and production achievements:

- cares for the environment and contributes to improving the health of employees and their families by developing educational, organizational and environmental activities to reduce the risks associated with the Group's production activities;
- improves production management methods in order to ensure the absence of accidents, industrial injuries and environmental incidents;
- ensures maximum efficiency of industrial environmental control in order to comply with officially adopted norms and standards in health protection, industrial safety and environmental protection;
- develops and applies efficient resource-saving technologies and materials, introduces new processes and consistently reduces the impact on the environment;
- develops and improves labor safety and environmental systems;
- informs stakeholders in corporate and regional mass media about ongoing environmental programs and measures taken for the environmental safety improvement.

Each employee of the Group must:

- know about the risks associated with his/her activities and affecting the safety of his/her life and health, as well as the life and health of others;
- be aware of personal responsibility for his/her live and the health of others, to encourage by personal example the safe behavior of colleagues and contractors at their working places;
- comply with all necessary safety and environmental requirements applicable to his/her activities, and understand the possible consequences the deviation from the established procedures may have on the environment;
- improve personal performance, initiate and apply best practices for managing industrial and environmental risks;
- use natural materials and energy resources in a saving manner, take good care of environment.

The Group prohibits the use, transfer, sale, production or storage of alcohol, drugs and other substances that have a similar effect during work, when operating equipment or vehicles. In case of use of medications that can raise safety concerns, the employee must immediately inform his/her manager about this.

#### **5 Conflict of interests**

All employees must act in the best interests of the Group and avoid any conflicts of interest. A conflict of interest arises when an employee takes part in any activity unrelated to work in the Group or has a financial or personal relationship in which

his/her interests and loyalties jeopardize or could potentially jeopardize his/her objectivity, judgment or independence in the performance of his/her official duties. Employees should conduct business with suppliers, customers, contractors and other persons doing business with the Group based solely on the interests of the Group and its shareholders, without giving any preference to third parties based on the personal interests of employees.

Employees are required to promptly disclose any conflicts of interest to their supervisors as soon as such conflicts arise. If a conflict of interest cannot be avoided, the employee must report this conflict of interest to his/her manager and not further participate in making a decision on this issue.

The following cases shall be considered to be violation of the Code: if an employee's personal interest conflicts with the interests of the Group, or when an employee, due to his/her position, may be considered as a recipient of illegal personal gain.

### **6 Practical implementation of the Code**

The Group informs its employees about the Code by posting it on the official website, on the internal corporate website, by publishing information on updates to the Code in the corporate media and through information materials within the Group. The initial familiarization of employees with the Code is done by the heads of structural divisions (subdivisions) when hiring an employee who must sign an acknowledgement form. If a new revision of the Code is released, the heads of structural divisions (subdivisions) must ensure that the employees get familiarized with the new version of the Code and sign an acknowledgement form no later than 1 month from the date of approval of the Code.

Each employee of the Group, regardless of his/her position and status, undertakes to abide by the provisions of the Code in his/her work and bears personal responsibility for violation of the ethical principles and requirements of the Code, as well as for failure to report any known violations of the Code.

An employee should seek help from his/her supervisor or the Ethics Commission if the employee has doubts:

- about the ethics of his/her actions or decisions;
- about the ethics of actions or decisions of his/her colleagues and leaders;
- about the compliance of his/her actions or decisions with the values and principles of the Group.

All employees of the Group should do their utmost to facilitate the investigation of ethical situations, provide materials and documents necessary to verify the circumstances of ethical violation. Any harassing of an employee who voluntarily claims a violation of the principles set forth in the Code will be considered a separate violation of the principles of the Code.

Failure to comply with the requirements of the Code is a serious violation and may result in the application of disciplinary, criminal, and civil liability.

### **7 Reporting violations of the Code**

Employees' requests and suggestions on corporate ethics issues are reviewed by the Ethics Commission. Reports on violations of the Code, unethical behavior, damage to the interests or reputation of the Group can be communicated as follows:

- leave a message on the answering machine by phone - 8 (3519) 25-75-75;
- write a letter by e-mail - [ethics@mmk.ru](mailto:ethics@mmk.ru);
- write a letter and send it to the address: PO box Ethics, ul. Kirova 93, Magnitogorsk 455000.

The message must contain information sufficient to carry out the necessary measures to investigate violations and prevent possible adverse consequences for the Group. In case of contacting the Ethics Commission, the Group guarantees that the information provided by the employee will in no way be used against the employee, and will remain confidential. The employee will be promptly informed of the decision regarding his/her appeal, if the message was not anonymous.