

effects × perspectives for people



Code of Ethics

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general

The Code of Ethics (hereinafter, the “Code”) sets out principles and rules of business conduct, ethics and corporate relations mandatory for Magnezit Group (hereinafter, the “Group”) and the Group’s employees.

The Code – a basic set of standards and requirements – applies to all Group companies. The Code is not an exhaustive set of rules and does not contain recommendations for every situation that can arise in daily practice. Some provisions of the Code are detailed in appropriate regulations of the Group. The content of the Code and other regulations is communicated to all employees, and compliance is mandatory.

Annual employee training program allows employees to examine the Code and explains its provisions. The Group provides free access to this training program for all employees.

The Group understands its responsibility to shareholders, customers, suppliers, business partners, society and the state (hereinafter, “stakeholders”) in its business practice.

The Group shares the basic standards and principles of ethics set forth in the UN Global Compact, the Universal Declaration of Human Rights, the International Labor Organization's Declaration of the Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, the Anti-Corruption Charter of Russian Business and other international and national documents. The Code's provisions are based on legislation effective in the Russian Federation and the international documents mentioned above and are aligned with the Group's internal regulations and international standards of business conduct and ethics.

Where ethical standards established by the Code are stricter than those established by business practice and applicable law, the Group follows the Code.

The Group will continue to update and develop new corporate policies that will contain additional recommendations.

values

The Group is responsible to shareholders for its performance, to customers for the quality of its products and services, to suppliers and business partners for proper fulfilment of obligations, and to society and the state for respecting individuals, their human rights and freedoms and contributing to economic development.

The Group expects every employee to respect the main corporate and social values and business principles, such as:

Freedom and dignity

The Group respects human rights and freedoms regardless of race, ethnicity, social and legal status, political beliefs and held position. Respect for rights and freedoms is the Group's primary value. Every employee, regardless of status and held position in the Group, deserves to be treated with dignity and respect.

Integrity and respect

The Group builds its relations with customers, employees, suppliers, business partners and state and municipal authorities on the principles of honesty and mutual respect. The Group respects the values, views and opinions of its stakeholders.

Equality

The Group respects and cares for people and makes sure that no one gets unfair privilege in the process of recruitment, career growth, compensation and other.

Compliance with law

The Group strictly observes principles and norms of international law, the legislation of operating countries, the provisions of the Code and other internal regulations.

Creativity and innovation

The Group's purpose is to manufacture competitive products that meet high-quality standards. Profitable business is only possible if high-quality products and services meet the expectations and needs of customers.

The Group creates conditions for constant improvement and innovation and encourages employees to seek solutions and opportunities for more efficient work.

Transparency

The Group seeks as much openness and transparency as possible for all stakeholders and builds its relations with customers, suppliers and business partners on principles of equality and openness.

The Group respects the opinions and ideas of its employees and gives them opportunities to openly discuss and explain their position.

Commitment

Employees should always act in the interests of the Group when carrying out their job duties. Working together employees seek to achieve the goals and fulfill the obligations to stakeholders.

Health and safety

Every employee must be engaged in occupational health and safety and act consciously to stay safe and keep safe their colleagues.

Employees must take the necessary action to ensure their own safety and the safety of others and prevent dangerous situations and injuries.

Security

The Group takes all necessary measures to prevent third parties, shareholders, customers, suppliers, business partners and employees from committing illegal acts against the Group.

employees

Compliance with laws

Every employee must comply with legislation applicable to his or her job duties.

The Group considers compliance with labor, social, economic and environmental legislation not only a legal obligation of all employees, but also their social duty.

If employees are unsure whether any legal provision is applicable and how it should be interpreted, they should seek advice from their manager or the Legal Support Department.

Freedom of association

The Group recognizes and respects the right of employees to establish trade unions and negotiate collective bargaining agreements. The Group complies its commitments under collective bargaining agreements.

No child or forced labor

The Group does not employ individuals under the age of 16, except cases stated in the Labor Code of the Russian Federation.

The Group does not use physical punishment and prohibits any other forms of mental or physical coercion in respect of its employees.

Health and safety

The Group' staff is an important part of long-term sustainable development, and ensuring health and occupational safety of the Group's staff is a key priority.

Employees must follow legislation, internal standards and occupational health and safety regulations.

The Group seeks to create a zero-injury culture and an environment in which everyone can report any threats to their safety and the safety of others. The Group takes measures to safeguard health by introducing new technologies to improve work conditions and safety level keeping in mind equal rights for the employees. All injuries, incidents and emergencies registered during Group's operation as well as their causes are subject to investigation.

For details, see the company's [Quality, Occupational Health, Safety and Environmental Policy](#)

Corporate culture

All employees must abide by the Code and other regulations of the Group, regardless of their position.

Employees must observe labor discipline. If circumstances could lead to a breach of discipline, employees must inform their manager. Employees should make every effort to minimize the occurrence of such situations.

Employees should be polite, friendly and responsive with their colleagues, customers, suppliers and business partners, regardless of communication means used. Employees should not have a provocative or untidy appearance.

Diversity, equality and respect

The Group builds its relations with employees based on principles of long-term cooperation, mutual respect and strict adherence to mutual commitments.

The Group guarantees its employees protection from any forms of discrimination as defined in the current legislation of the Russian Federation.

Labor relations, including approaches to appointments, promotions, training, remuneration and termination, are determined depending on skills and capabilities. The Group does not discriminate against anyone on political, religious, ethnic, gender or other grounds when hiring, negotiating salaries and promoting employees.

The Group seeks to create a workplace environment of trust and opposes any forms of retaliation, persecution, harassment, physical violence, verbal abuse and other unacceptable behavior that creates an offensive, hostile or humiliating environment (including electronic means of communication).

Employees should immediately report to their manager or the HR Department, in case they are witnessed or are affected by persecution or discrimination.

Talent management

The Group encourages employees' participation in public activity, teaching or research if it does not have a negative impact on the Group and the employees' job performance.

Information systems, e-mail and social media

Only approved means of communication should be used for all business communication with other employees in the Group and with external parties.

Employees store corporate information in full conformity with Russian law and the Group's internal regulations. They do not disclose or share confidential information about the Group and do not use it for personal needs or in the interests of others, except where the disclosure of such information is expressly permitted or required under law.

Employees are prohibited from disclosing corporate information in any format (photo, video, audio and text materials) in the public space (including social and other media), taking pictures, filming or making audio recordings in the workplace without permission from the Corporate Development and Strategic Communications Department.

Employees are advised to assess the risks and obtain permission from colleagues before posting any images or text concerning them in social media.

property and information safety

Use with care

The Group's property is intended to help employees in achieving their job goals. Employees should use the Group's property reasonably and rationally and prevent it from being lost or misused.

To protect the Group's property and ensure its appropriate use, employees are advised to:

- ▶ Take care of the Group's property to prevent theft, damage or misuse;
- ▶ Immediately inform manager of actual or suspected theft, damage or misuse of the Group's property;
- ▶ Protect computer systems, databases, means of communication and written materials against unintentional or illegal access by third parties;
- ▶ Use the Group's property as well as software and communication networks only for legal business purposes in their line of duty.

Employees who become aware of any violations of accounting and reporting principles, including misappropriation and omission of the Group's assets, should immediately inform their manager or the Control and Audit Department.

Confidentiality

Employees must not share confidential information concerning the company without consulting manager.

Employees should treat with respect the personal data and confidentiality of customers, employees, suppliers, business partners and government officials. Employees should collect, use, disclose, store and process only data that they need to maintain business relations in line with applicable laws.

The Group's customers, suppliers and business partners can be confident that information about their business and other activity is confidential and will not be disclosed, except in cases stipulated by Russian law or when information is disclosed with the consent of the customer, supplier or business partner in a manner consistent with the terms of the contract.

customers, suppliers and business partners

The Group aims to meet commitments under contracts and values its business relations.

The Group builds its relations with customers, suppliers and business partners on principles of good faith, integrity, mutual trust and respect, professionalism, customer focus, inviolability of commitments, complete disclosure of information under applicable law and priority of negotiated settlement over litigation.

In its commercial activity, the Group seeks to develop mutually beneficial long-term relations with customers, suppliers, business partners and other stakeholders.

All employees are required to follow the principles of integrity, good faith and rationality in communications with customers, suppliers and business partners of the Group.

Employees must work hard to mitigate any risks for customers, suppliers and business partners of the Group. The mitigation of risks for customers, suppliers and business partners should not create additional risks for the Group.

customers, suppliers and business partners

Group employees carefully consider and promptly respond to complaints from customers, suppliers and business partners.

The Group expects its customers, suppliers and business partners to comply with applicable legislation, international standards and business regulations, as well as with the Group's Supplier Code of Ethics.

[See the Supplier Code of Ethics for details](#)

anti-corruption

The Group aims to eliminate bribery, extortion and other forms of corruption both within the Group and in relations with its suppliers. The Group seeks to adopt comprehensive measures to verify information on possible cases of corruption and, if it is proven, to mitigate its consequences and eliminate its causes.

Employees are prohibited to commit acts that may be classified under applicable law as giving or receiving a bribe (facilitating bribery), encouraging into corrupt practices, commercial bribery and abuse of authority, as well as acts violating applicable legislation and international laws against money laundering and terrorism financing.

Employees may receive or offer gifts regarding the Group's activity if the price of the gift is symbolic, it is done with reasonable frequency, and it cannot be seen as an attempt to illegally gain commercial advantage.

competition

The Group builds its relations with competitors on the principles of integrity and mutual respect. The Group complies with anti-monopoly law and cooperates with supervisory authorities, if necessary.

The Group refrains from behavior involving collusion, dubious work practices or abuse of market dominance.

The Group adheres to principles of fair competition and market openness. When purchasing goods, the Group selects suppliers on a competitive basis, offering them equal opportunities.

Suppliers are selected based on (but not limited to) objective criteria such as commercial and technical terms, the quality of goods and services, experience, qualification, reliability of the counterparty and whether goods, work and services meet the Group's requirements.

The Group adheres to the principles of fair pricing and does not allow collusion regarding the price of its products, markets distribution or providing preferences for suppliers.

conflict of interest

A conflict of interest occurs when personal, social, financial or political activities of employees lead to or may cause a loss of loyalty and objectivity towards the Group.

The Group pursues a policy of avoiding, as far as possible, conflicts of interest involving employees, management and the Group.

The Group encourages employees to report a potential conflict of interest to their manager or HR Department.

The Group recommends that employees fully disclose information that , directly or indirectly, entails conflict of interest.

If any employee of the Group has a personal interest that prevents him or her from acting in the interests of the Group, honestly and impartially fulfilling his or her duties, information about identified violations should be disclosed through the existing channels of communication.

environment

Employees must understand the potential impact of their actions on the environment and follow internal environmental policies and regulations.

In case of actual or potential environmental incidents, employees must immediately report to manager or the appropriate department responsible for environmental safety.

[See the Environmental Policy for details](#)

community relations

The Group acts for the benefit of society and aims to make a positive and sustainable contribution to the development of the regions where it operates, maintaining an open dialogue with the local community and respecting the cultural heritage, traditions and rights of the population, including indigenous peoples.

The Group is ready to support the population of the regions where it operates through charitable organizations, foundations, educational institutions and similar organizations, as well as to use its knowledge and experience in the field of environmental safety and health.

The Group encourages local communities and other stakeholders to contact the Group and constantly improves communication channels to obtain feedback from stakeholders. Employees should hold due diligence and comply with the Code when deciding whether to fund social projects.

responsibility

Management

The Company's management has a special responsibility to adhere to the Code. Each manager must be a leading example of ethical behavior for the Group's employees, help employees understand complex ethical situations and explain the provisions of the Code to employees.

Employees

All employees are expected to follow the standards set in this Code when acting on behalf of the Group, regardless of where they are located and regardless of whether they are full-time or part-time employees of the Group.

Code violations

Illegal actions of employees, including violations of the Code, may result in losses for the Group, fines, claims for damages and loss of the Group's good reputation in the business community.

Each individual breach of the Code must be considered taking into account all the circumstances. An employee who has violated the Code should be given an opportunity to present arguments before a final decision on disciplinary measures is made.

All questions and reports concerning known or suspected violations of law or the Code are considered as carefully and objectively as possible.

Reporting channels

Any situation that has led or may lead to a violation of the Code must be immediately reported to the manager or HR Department.

Employees and stakeholders may also report known or suspected violations of law or the Code by calling +7 495 232 61 00, ext. 1305, or sending an email to compliance@magnezit.com. The sender may remain anonymous.