

Principles and values of SCM Businesses



HOW WE WORK

CODE OF ETHICS

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KEY TERMS AND DEFINITIONS

SCM Business means enterprises and companies that are subsidiaries/investees of SCM (System Capital Management) Limited and/or SCM Holdings Limited and/or Private Joint Stock Company “System Capital Management”, and are under common control. For the purpose of this Code, “SCM Business” includes also The Rinat Akhmetov Foundation.

SCM means SCM (System Capital Management) Limited.

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1. OUR MISSION AND VALUES

OUR MISSION: driving together to success

By investing in the continuous growth and effectiveness of our business, we contribute to the economic and social development of our entire society.

OUR VISION: creating through development

We build and manage efficient and effective business, applying the best international standards and practices, ensuring a long-term return on investment acceptable for investors, and contributing to development of the regions of our operations.

SCM VALUES:

SCM Businesses are leaders of their respective national economies. Working to the highest professional standards, we also drive the development of Ukraine as a European country.

SCM seeks to increase value of our business by investing in the development and growth of our assets. At the same time, we recognise our responsibility to local communities, where SCM Businesses operate, and to the society as a whole.

This approach is incorporated into our corporate values shared by all SCM Businesses:

Honesty and good faith are the foundation of our relations and the cornerstone of our reputation:

- our actions are consistent with our words;
- we do not avoid telling the truth, admitting mistakes and correcting them jointly to achieve common results;
- we are committed to our values, corporate ethical standards and rules without exceptions or compromises;
- we treat our colleagues, partners, clients, customers, and consumers with honesty and candour and build our relations on mutual trust;

- we respect and deliver on our commitments to colleagues, partners, clients, customers, and consumers even if doing so compromises our convenience.

Responsibility to our employees, partners, local communities and the entire society is a matter of priority for us.

Effectiveness as a tool to achieve the best results in everything we do is a matter of priority for us. It means for us:

- achieving set goals;
- applying modern technologies and approaches to doing business;
- continuously improving processes and methods of doing business;
- using resources efficiently;
- looking for new opportunities; and
- being ready for changes.

Professionalism in doing business, which includes investing in people and encouraging innovations and work commitment.

It means for us:

- complying with the highest standards;
- encouraging initiatives and innovations;
- investing in the professional development and loyalty of employees;
- attracting and retaining skilled professionals;
- assessing our achievements fairly.



2. PRINCIPLES OF BUSINESS ETHICS

Requirements to follow the below straightforward principles that determine relevance and acceptability of our actions and decisions to make the assessment of what we do are obligatory for all SCM Businesses.

- Honesty and good faith in relations within the company;
- integrity in relations with customers, clients, and business partners;
- respect for an individual and observance of human rights;
- transparency and openness;
- zero tolerance for bribery and corruption;
- sustainable development and social responsibility;
- legitimacy and the rule of law, including international law;
- respect for the key principles of the Charter of United Nations; and
- respect for the sovereignty and territorial integrity of countries within their internationally recognized borders.

The above Principles of Business Ethics (the “**Principles**”) fully match the mission, vision and values of SCM. Our future depends on how well each of SCM Businesses understands and follows these values.

SCM has a zero tolerance policy for any form of retaliation or reprisals against employees reporting violations of its Principles and the Code of Business Ethics.

More about each of the principles:

HONESTY AND GOOD FAITH IN RELATIONS WITHIN THE COMPANY

We behave honestly and our actions are consistent with our words. We do not avoid telling the truth, admitting mistakes, and correcting them to achieve common results.

We treat our colleagues, partners, clients, customers, and consumers with honesty and candour and build our relations on mutual trust. Rudeness, pressure and reluctance to look for a way out of the problems are inappropriate and unacceptable in relations between employees.

Regarding company resources:

Each of us must remember about personal responsibility for a sustainable and effective use and protection of the company's resources.

The resources of SCM Businesses include:

- tangible assets of the company (movable and immovable property, equipment, cash, financial instruments, et.);
- intellectual property;
- confidential information; and
- corporate reputation.

We do not abuse our position and we must not use the resources of the company for our own benefit.

We must not tolerate any embezzlement or abuse. Should you become aware of any violations, you must inform the governing bodies of the company (the management, security service, internal audit service, compliance department or legal department) or contact the SCM Trust Line.

Regarding confidential information:

We use confidential information owned exclusively for corporate purposes and do not disclose it to anyone else outside the SCM Businesses. We do not discuss confidential matters if it can be overheard by other people. Before disclosing confidential information, we make sure that the recipient is authorised to receive it.

We do not use confidential information about the company to make securities transactions for our own benefit.

Regarding corporate reputation:

We protect the reputation: we do not act or speak in public using subjective evaluations and judgements that can negatively affect the reputation of SCM and SCM Businesses.

Regarding communication with media:

We speak to media on behalf of SCM or SCM Businesses only after it has been agreed with the management and authorised PR specialists.

We avoid situations when our personal interests are in conflict with the interests of the company. To avoid such situations, **we timely inform our direct manager and the company's legal department** about any potential conflict between the company's interests and our own interests.

Situations that will not be considered a violation of the Principles

No violation of the Principles is believed to have taken place if an employee has reported the conflict to the legal department of the company and received the respective permit.

Conflict of interest

A conflict of interest is a situation in which private and personal interests of an employee conflict with those of the company while exercising job duties or compromise the objectivity of the decision-making process:

- an employee goes for a second job at other SCM Business or at companies outside of main employment at SCM Businesses;
- an employee employs related persons (next-of-kin, relatives and close friends) as his/her direct subordinates and helps with their career promotion;

- an employee establishes business relations and does business on behalf of the SCM Businesses with legal entities, in which an employee or his/her related persons are members of the governing bodies and/or direct or indirect owners of a participatory interest in the authorised capital and/or are entitled to any benefits;
- an employee establishes business relations and does business on behalf of the SCM Businesses with himself/ herself or his/ her related persons;
- an employee invests, personally or through his/her affiliates, in any rival companies (other than investment in stock or other securities of publicly traded companies, provided that such shareholding is less than 5% of the authorised capital of a competitive entity).

Following the report about conflict of interest, the governing bodies of a legal entity within the SCM Business make a decision whether the conflict of interest is acceptable to the Company.

If the conflict of interest is considered unacceptable, then an employee can be suspended from his/her duties.

In case of a serious conflict of interest, the SCM Business is entitled to demand from the employee to choose between keeping his/her job and personal interests.

INTEGRITY IN RELATIONS WITH CUSTOMERS, CLIENTS, AND BUSINESS PARTNERS.

We always deal fairly with our customers, clients, suppliers and partners, supply goods and provide services in good faith, as well as always make payments as agreed.

The SCM Businesses only use legal and professional means to promote its interests.

The quality of our products and services must always meet the declared standards.

We handle customer complaints and claims in a timely manner.

We protect confidential customer information.

We encourage free and fair competition and do not acquire illegally any commercial information about our competitors.

We respect the property rights of our competitors, including the intellectual property rights.

We do a fair business with our minority shareholders in strict compliance with the laws and applicable corporate governance standards.

RESPECT FOR AN INDIVIDUAL AND OBSERVANCE OF HUMAN RIGHTS.

SCM and SCM Businesses respect the human dignity and human rights.

All SCM Businesses must only apply business practices that protect the human dignity and rights of all the employees.

We protect lives and health of people at the workplace, continuously monitor the compliance with security and safety regulations, and maintain a working environment that prevents occupational injuries and diseases.

We encourage our employees' aspirations for learning and growing professionally.

We have zero tolerance for employees' discrimination based on gender, age, ethnicity, or religion.

We do not tolerate sexual harassment at the workplace.

We respect privacy of our employees and protect their confidential information.

TRANSPARENCY AND OPENNESS.

We build a businesses that develop dynamically and fully meet the current expectations of a successful and openness.

SCM Businesses publish annual financial statements according to law, as well as sustainability reports.

Within the scope of our official duties, we must keep reliable and correct managerial, production, and financial accounts, as well as ensure timely reporting and transparency of the relevant financial and non-financial information.

We follow the international standards of internal audit and financial reporting.

SCM Businesses make sure that their financial statements comply with the local laws and the accounting policy of the SCM Businesses, as well as actively counteract any attempted fraud or manipulation of financial information.

ZERO TOLERANCE FOR BRIBERY AND CORRUPTION.

We require our employees to strictly follow the rules of supplier selection procedures without favouring any of them unreasonably.

We should remember that gifts or business hospitality that we accept should not be excessive or solicit any favours in any business matters. SCM Businesses set their own limits as to business hospitality.

We do not condone or participate in any attempted bribery or facilitation payments to any government officials, or any other forms of corruption in relations with government authorities or their representatives.

SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY.

One of SCM Businesses' key objectives is to ensure good working conditions and good living conditions in the regions where we operate.

We develop social partnership programmes that bring together initiatives to develop social infrastructure and business environment, as well as projects in education, healthcare, environmental protection, energy efficiency, culture and sports.

We promote sustainable development of the society by ensuring balance between our short-term and long-term plans. We make all business decisions with due regard to their impact on the lives of people in the region where we operate.

We work closely with the civil-society groups, local communities, and government authorities, while supporting the public policy focused on economic and social development, in particular, when ensuring proper employment distribution on the basis of our business decisions.

According to our procurement policy, we prefer the suppliers that adhere to our Principles, all other things being equal.

SCM Businesses seek to place orders with competitive local suppliers headquartered in the regions of our operations, all other things being equal.

We realise our responsibility for the significant environmental footprint left by the production cycles of industrial SCM Businesses in the regions of our operations.

Thus, SCM Businesses develop the environmental management systems and implement the long-term investment programmes for pollution abatement and environmental rehabilitation of their territories.

We communicate and consult with local communities affected by environmental, health and safety impacts of our enterprises.

Each of us may actively engage in building a civil society and support various social initiatives. However, we do not allow any inappropriate or forced involvement in any political activity or campaigns.

SCM Businesses encourage the employees to engage in corporate volunteering that aims at improving the living standards of vulnerable social groups.

We support charitable initiatives by providing targeted assistance and running projects in education, national health, and cultural heritage.

LEGITIMACY AND THE RULE OF LAW.

We strictly and rigorously follow the applicable laws of all countries where SCM Businesses operate.

If you are not sure how to construe the law or doubt whether your or your colleagues' actions are lawful, do not hesitate to contact the legal service of your company.



3. COMPLIANCE WITH THE PRINCIPLES

Who must comply with our Principles?

All the employees of SCM Businesses must adhere to our Principles and their company's code of ethics and business conduct.

We encourage our contractors and individuals or entities authorised to represent the SCM Businesses before third parties to adopt their codes of ethics and business conduct which correspond to our Principles as much as possible.

We encourage all our contractors to read our Principles to know what business conduct to expect from our employees.

Remember that the Company's good name can be affected by your conduct, especially in some complicated or conflict situations. Thus, we encourage our associates (companies not controlled by SCM), agents, brokers and other external representatives, consultants, contractors and suppliers to adhere to Principles.

In case of doubt or contradictions

We should always maintain decency, use common sense and act in good faith in any controversial situations.

We apply this document and any additional standards of conduct for the employees of SCM Businesses in strict compliance with the law and the requirements hereof. Where this document or additional standards of conduct for employees of the SCM Businesses are more stringent than the current law, we use the more stringent requirements.

If you have any questions regarding the interpretation of the Principles or any additional rules of conduct developed across the SCM Businesses, or are not sure how to act in a specific situation, please contact your manager.

In circumstances when you cannot ask your manager, please refer your question to any of these departments: HR Department, Internal Audit, Security Department, Compliance, or Legal Service at your SCM Business.

In addition, you may always contact SCM Trust Line, which is our tool to receive feedback. It has been created specifically to oversee compliance with the corporate and ethical norms.

We take very seriously all the feedback, requests, and questions regarding the interpretation, application of and compliance with the Principles and codes across SCM Businesses.



4. COMMITTEES FOR ETHICS AND BUSINESS CONDUCT

The Committees for Ethics have been set up in SCM Businesses to initiate internal investigations and look into the circumstances of violations.

The Committees regulate corporate relations within the companies in line with the principles of business ethics established by SCM Businesses and their codes of ethics and business conduct.

The competence of Committees of Ethics includes:

- respond to violation reports from employees and monitor the compliance with the Principles and codes of ethics and business conduct;
- initiate internal audits and investigations sufficiency of facts about the violations and advise on actions and punishment;

- make recommendations related to business ethics.
- ensure monitoring of the impact of the business ethics standards on the working environment.

When the Committee for Ethics and Business Conduct receives a report about a violation, it considers the issue individually and/or with help of the relevant business unit.

Regulations on Committee for Ethics and Business Conduct establish procedures for the consideration of issues and timelines of Committee meetings for every SCM Business.



5. SCM TRUST LINE/

We must apply the Principles of SCM Businesses in our day-to-day activities, demand that others, including senior managers, apply them, and notify of violations on time.

Everyone has the right to point out to a colleague the unacceptability of violations and demand to stop actions that may lead to them, or contact senior management.

In addition, employees can directly contact the Committee for Ethics and Business Conduct, Internal Audit or Security Service in person, in writing or by phone.

Remember that any bona fide employee seeking advice, sharing concerns about common cause or reporting wrongdoings does the right thing.

As we understand that it is not always possible to do that in conditions of subordination and personal relationships, we created SCM Trust Line.

0800 600 777 (all calls are toll-free within the borders of Ukraine)



www.scm.com.cy/uk/trust-line



TRUSTLINE@scm.com.ua

5.1 Purpose of Trust Line SCM

SCM has created a general Trust Line to assure its callers, as well as the audit committees or any other authorised bodies of SCM Businesses, that no reports will be lost or ignored across SCM and SCM Businesses.

However, the prompt and proper response to concerns raised via the SCM Trust Line is the responsibility of the corresponding divisions of a certain SCM Businesses. At the same time, the SCM Trust Line allows tracking the status of cases processing by SCM Businesses.

5.2 Principles of Trust Line SCM operation

The SCM Trust Line operates outside the organisational structures of SCM and SCM Businesses. Thus, it is independent and is not subject to any potential direct supervision by the management or services of certain SCM Businesses.

The SCM Trust Line is serviced by skilled operators and is equipped with voice and data privacy systems.

5.3 Notice of violations

The SCM Trust Line supports a variety of contact methods: post, email, telephone, online feedback forms on SCM's website, and special drop boxes.

The SCM Trust Line offers an option to raise a concern anonymously.

Your report will be registered in a single automated incident management system. As your report is registered you will receive a unique secret code, which you can use to track status of your report.

After the registration, your report will be processed according to the rules of internal investigation procedures of SCM Businesses. The relevant inquiries will be sent only to the people authorised to answer them.

Report escalation mechanism

If your report is about any executives of a business division or SCM Business, it will be investigated at a higher level in confidence.

Messages about violation of business ethics by senior managers will be immediately sent to the members of the Audit Committee or other competent authority bypassing the executive board and subdivisions of the SCM Businesses, including the Committee for Ethics. Messages about violation of business ethics by all other employees will be sent directly to the Committee for Ethics of the relevant SCM Business.

Protection of anonymity

You can report anonymously if you wish so.

The Trust Line cannot automatically identify the phone number of an incoming call.

Anonymous reports registered with the Trust Line are processed similar to other messages, given there is sufficient information for response.

To ensure anonymity when contacting SCM Trust Line, please observe the following rules:

- **Do NOT send** messages from your personal work computer
- **Do NOT use** corporate telephone lines to call the SCM Trust Line
- **Do NOT sign** the report
- **Do NOT specify** any details, which can help identify you.

Reporting violations properly

Read the relevant instructions on the SCM website before contacting SCM Trust Line to process messages efficiently and respond to possible violations timely and promptly.

a) The message must contain the following information:

- subject (please choose type of possible violation from the list from part b));
- time and place (country, city, Company);
- parties involved;
- essence of the report (facts that you know);
- other information that might be helpful to address the issue;
- contacts for feedback (name, surname, name of employer, position or other association may be mentioned if you wish).

b) Use the below list of violations when reporting to the Trust Line.
Violations include but are not limited to:

- health, safety and environmental violations;
- conflict of interests;
- unlawful usage of the insider information;
- misrepresentation of financial statements;
- theft or improper use of company's assets;
- corruption, bribery of employees ("bribes", "kickbacks"), including gifts and entertainment;
- harassment;
- discrimination;
- workplace violence;
- retaliation against whistleblowers;
- substance abuse;
- breach of consumer rights.

If after calling the Trust Line, you doubt that the response is adequate and sufficient, you may re-submit your report.

The SCM Trust Line is primarily for reporting violations of the Principles of SCM, as well as the Codes of ethics and business conduct across SCM Businesses. Therefore, it is not designed to offer advice regarding goods or services, provide remote services, or handle customer complaints or comments. SCM Businesses have separate hotlines in place for prompt communications with their customers.

However, if the communication channels offered by SCM Businesses prove ineffective in pre-empting a violation of the Principles of SCM, please report this to the SCM Trust Line.

5.4 Protecting whistle-blowers

We remind again that all SCM Businesses have zero tolerance towards harassment of whistle-blowers reporting any alleged violations of law, Principles of Business Ethics of SCM, and the Codes of ethics and business conduct across the SCM Businesses.

This means that the employees who feel harassed should contact the company legal department and the Committee for Ethics and Business Conduct, or call the SCM Trust Line.

However, the employees who deliberately report false information will face disciplinary actions up to the termination of employment.

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6. LIABILITY FOR VIOLATIONS

No employee or manager of any SCM Business may force another employee to take any action violating applicable laws or the principles of this Code.

We regard any non-compliance with the principles outlined herein as gross violations to be addressed by the management of SCM. The punishment shall be disciplinary, even to the point of dismissal.

Senior and middle managers of SCM Businesses shall be accountable not only for their own conduct, but also for the conduct of their employees. Therefore, the managers must prevent, detect, and promptly respond to violations of the Principles by their subordinates.

Representatives of SCM Businesses shall notify law enforcement agencies of all violations that may lead to criminal liability under applicable laws, as well as notify the competent authorities as prescribed by law. In other cases, the management of SCM Businesses shall act at their own discretion and can exercise their right to hold the perpetrator administratively, civilly or financially liable.

A perpetrator shall be held liable in the following cases:

- requesting and instructing employees to breach the Principles and the applicable laws;
- concealing, or notifying untimely about, known or hidden violations of the Principles, other internal rules of the SCM Businesses, and applicable laws;
- defaming or providing misleading information about violations retaliating against whistle-blowers;
- failing to cooperate in internal investigations.

The sanctions will only be applied after an unbiased investigation into the circumstances, severity of the violation, and the actions a perpetrator has undertaken to remove the consequences of the wrongdoing.