

CODE OF CONDUCT

I. APPLICATION AND COMMITMENT

The following Code of Business Conduct (the “Code”) is applicable to employees, directors and officers (the “Staff”) of Borets International Limited and all its subsidiaries (the “Company”). The purpose of this Code is to assist you in understanding what the Company expects of you and what you can expect of the Company with respect to business conduct.

- (a) The Company is committed to the highest standards of ethical behavior.
- (b) The Company requires a high standard of ethical conduct from all Staff and will apply appropriate sanctions in cases of proven misconduct within the Company.
- (c) The Company endorses an ethical culture within the Company, based on standards and behaviors applicable to all Staff equally.

By adopting and complying with this Code (which will be updated periodically), together with the Company’s Memorandum and Articles of Association, the Company demonstrates its commitment to endorsing a high standard of ethical behavior. This Code was originally approved by the Board of Directors on 28 July 2008, as amended on 10 March 2011, and further amendments to the Code were approved by the Board of Directors on 6 August 2015.

The Company and its Staff undertake to comply with this Code and are committed to use their best endeavors to respect and act upon its provisions both in spirit and in deed. No person connected with the Company may ask a member of Staff to break the law, or contravene Company policies and values.

II. OUR VALUES

Adhering to the values set out below supports the creation of a corporate culture, essential to the achievement of our demanding business goals. Our values are reflected in our success. We do not compromise our values to make profit. We perceive our values as binding for all our business areas and, similarly, we expect the same in our relationships with our business partners.

- (a) Equal opportunities to all Staff without regard to race, ethnic or national origins, color, nationality, religion or belief, sex, sexual orientation, marital status, age or disability.
- (b) Respect for the confidentiality of client and Company information.
- (c) Fairness meaning a level of remuneration commensurate with achieved results and providing equal rights for further career development.
- (d) Honesty in our relations and in provision of all information required for our work.
- (e) Efficiency as sustainable achievement of maximum possible results in everything we do.
- (f) Courage to resist taking any action against our policies and values and to assume personal responsibility for our own decisions.
- (g) Care demonstrated by our best efforts to protect people from any harm or threat to their lives and health and by our intention to safeguard the environment.
- (h) Trust in Staff to delegate power and responsibility for decisions and implement those decisions appropriately.

III. ETHICAL PRINCIPLES

The Company's ethical standards focus on the following areas: Staff, customers, relations with our business partners, government, society and the community at large. The Company's ethics are based on:

- (a) respect for the rule of applicable laws and regulations;
- (b) respect for human rights;
- (c) conducting business with integrity and fairness;
- (d) renouncing any form of corruption and bribery, including any payment or other form of benefit conferred on any government official, either directly or through any person or entity acting on behalf of the Company as a partner, agent, or distributor, for the purpose of influencing that official's decisions;
- (e) not giving or accepting gifts and entertainment unless they comply with Company policy and all applicable laws and regulations;
- (f) creating mutual benefit in all the Company's relationships;
- (g) building and fostering trust; and

(h) demonstrating respect for the communities where the Company operates, as well as for the environment.

1. Staff

The Company values its Staff as integral to its success. We work together to achieve results.

(a) We respect individual freedom and human rights, we give equal opportunities to everyone and we do not support any form of discrimination or harassment in the workplace, including mental cruelty, sexual harassment, physical abuse and racial, ethnic, and religious discrimination.

(b) The Company will employ no workers under the age of 16 or, in those countries subject to the developing country exception of the ILO Convention 138 employ no workers under the age of 14.

(c) We are committed to treating all our Staff with dignity, trust and respect and to building long-term relationships based upon applicable law and the respect of human rights. We will not engage in conduct that could be perceived as offensive or unacceptable.

(d) We welcome leadership as the ability to make decisions at all levels. The necessary scope to take personal responsibility for the execution of their tasks is delegated to every Staff member.

(e) We value teamwork and the right to address proposals for improvement to the highest level of executive authority in the Company.

(f) We welcome constructive feedback and encourage regular dialogue regarding employment conditions and other issues that may affect Staff interest.

(g) The Company supports the career development of its Staff aimed at improved quality of work and attained results.

(h) We reward our Staff for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings.

(i) We expect proactive engagement and maximum contribution in handling the Company's challenges.

2. Contacts with Clients, Lenders, Suppliers and Society

All our relations are based on a spirit of partnership and mutual respect.

(a) We always strive to fulfill our obligations and expect our partners to do the same.

- (b) We are interested in the sustainable development of our own business and business of our partners.
- (c) We seek long-term and mutually beneficial partnerships.
- (d) We believe that a long-term relationship with our business partners founded on respect, trust, honesty and fairness is vital to our success.
- (e) We value our clients and dedicate ourselves to producing high quality products and services.
- (f) We place great value on our reputation and comply with the highest standards of business ethics and rights. We have a “zero tolerance” policy for any criminal or fraudulent conduct by the Company or any member of Staff.
- (g) We expect our business partners, lenders, contractors and suppliers to maintain high ethical standards. They must not act on the Company’s behalf in any manner that is inconsistent with this Code or any applicable laws or regulations.
- (h) We neither accept any forms of unlawful payments nor use, or threaten to use, unethical or unfair ways of influencing our business partners or competitors.
- (i) We conduct business with reputable suppliers, lenders, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

3. Government

We seek to build and manage a sound relationship with governmental authorities on an arm’s length basis in accordance with applicable laws and regulations.

- (a) We conduct Company business in compliance with all applicable local competition and antitrust laws which strive to promote and protect free and fair competition.
- (b) We are committed to complying fully with the applicable anti-bribery laws and laws on financial crime, including anti-money laundering legislation.
- (c) We are committed to complying with all applicable sanction laws, including those of the US and the EU, which prohibit nationals of certain countries (including the US and EU), including those living abroad, from being involved, directly or indirectly, in activities that are subject to sanctions, or providing or assisting with the provision of certain services to individuals or companies who appear on sanctions lists.

- (d) We abide by all other laws and regulations applicable to our activities, including any voluntary guidelines, which the Company has committed to follow.
- (e) We pay our taxes in full and in a timely manner.
- (f) We only influence governmental decisions in ways accepted by local custom or law.
- (g) We do not, directly or indirectly, participate in party politics.
- (h) We do not use corporate assets for political purposes.
- (i) Staff may participate in political activities in their own time and at their own expense without using the name of, or affiliation with, the Company to promote any political activity, party or candidate.

4. Use of Resources and Confidential Information

We place great value on our reputation which we strive permanently to strengthen by our work and conduct. Accordingly, all Staff shall adhere to the following guidelines:

- (a) Use of the Company's property, funds, information, tools and resources is restricted to the Company's business only, i.e. the use of such information, tools and resources for private and personal purposes is an abuse of the Company's trust. Company assets should be safeguarded and used for Company business only, except for limited personal use that does not interfere with the Company's business and is otherwise in compliance with all applicable Company policies. This includes protection of the Company's physical assets, such as office facilities, furniture, equipment, supplies, information systems and other technology assets, intellectual property rights and Confidential Information (as defined below).
- (b) The Company's information systems, including computers, e-mail, cell phones and other mobile devices, SIM cards and internet access, are to be used for proper purposes in a manner consistent with this Code and all applicable Company policies.
- (c) Though some personal use of our information systems may be inevitable, such personal use should be kept to a reasonable minimum. Personal data on Company information systems is subject to all Company policies. Company information systems may not be used to send or forward content that breaches the Company's policy against discrimination and harassment, or any other applicable policy, or for any purpose that is misleading dishonest or otherwise improper.
- (d) It is generally not our intent to monitor internet usage or messages on our e-mail systems. However, the Company reserves the right to do so in appropriate circumstances in a manner consistent with all applicable laws and regulations and to take appropriate disciplinary action on a case by case basis.

(e) Staff having access to Company information systems is responsible for taking the precautions necessary to prohibit unauthorized access to those systems, including protecting passwords and other means of entry.

(f) Information is provided strictly on a need to know basis only. All Staff are responsible for protecting the Company's assets, including its proprietary information, and the proprietary information of any third party with respect to which the Company has incurred confidentiality and limited use obligations.

(g) Staff shall not, during or following their employment with the Company (i) disclose Confidential Information to any third party, or (ii) use, except on behalf of the Company, any Confidential Information. All Staff shall, upon termination of their employment with the Company, return to the Company all Confidential Information and all copies thereof and all other Company property then in their possession or control, even if not confidential or secret, such as correspondence, files and manuals.

"Confidential Information" means the Company's confidential, secret or proprietary information, trade secrets or know how, or information not generally available to the public, including but not limited to the Company's internal management and financial reports, budgets, business plans, corporate strategies or unannounced information regarding potential mergers, acquisitions or divestitures; new inventions, discoveries and improvements; information related to trademarks, ideas and processes; products and services specifications, applications, instructions, drawings, sketches, plans, written descriptions, product performance information, manufacturing methods, manufacturing or field operating processes or procedures; market information; customer lists and contacts; prices paid or received for goods or services; and similar information.

(h) Every idea, process, trademark, invention or improvement conceived by a member of Staff which relates to Company's business, or which was created with the resources of the Company, shall be the exclusive property of the Company. Subject to any requirements of applicable law to the contrary, Staff who are employed in a technical capacity or in a capacity in which they may reasonably be expected to make technical developments, are required to disclose and assign to the Company, if so requested, their entire right, title, and interest in and to any inventions. All Staff are further required to assist the Company, at no cost to such Staff, in obtaining, maintaining, enforcing and defending patents related to such inventions.

5. Health Care, Occupational Safety and Environmental Protection

We value human life and health and prioritize them above economic results and performance.

(a) We strive to eradicate accidents and occupational injuries. Optimization and improvement of occupational safety systems are one of the Company's key priorities. To achieve these aims, the Company will ensure that:

- Staff understand their accountability for performing their role and using their skills in a manner that does not compromise the health and safety of themselves or others, or lead to environmental damage;
- Resources are always available to systematically manage health, safety and the environment through hazard identification, risk analysis and appropriate control measures.

(b) The Company seeks to fully comply with all official environmental norms and regulations as well as fully understands the need to develop environmentally friendly processes, and does its best to:

- Efficiently use natural resources;
- Develop and introduce resource-saving and non-waste technologies;
- Seek to introduce applicable modern systems of environmental management at the Company's plants and facilities.

(c) Each member of Staff shall:

- Be aware of the risks accompanying their work and influencing their safety and health.
- Safeguard their own and other employees' health and safety; by their own example promote safety-minded behavior of other members of Staff.
- Comply with all safety norms and environmental standards applicable to their activities and be aware of possible consequences for the environment of any non-compliance with the established procedures.
- Improve personal efficiency, initiate and apply advanced approaches to industrial and environmental risk management.
- Demonstrate efforts to conserve resources and energy; be aware of the unique characteristics of the natural world and the need to preserve it for future generations.

Managers of all levels are directly responsible for safe working conditions and protection of the environment.

6. Efficiency and Profitability

The Company can achieve its goals only if each member of Staff performs efficiently and strives to surpass their personal goals.

(a) We are always receptive to relevant changes and new requirements of the outside world and strive to review and improve the processes of our work to raise productivity and efficiency.

- (b) We seek coherence and conformity in our decisions and actions.
- (c) We analyze risks associated with our activity, and never stop our efforts to minimize them.
- (d) We make investment decisions only after all data, calculations of payback periods and expected rates of return are duly verified and proved.
- (e) We always seek and use opportunities of optimizing all the involved resources.
- (f) Our choice of suppliers and contractors is always based on a fair and transparent selection process.
- (g) The Company constantly maximizes profits and the value of its businesses by defining its product mix to meet the needs of our clients, by gaining access to new markets, by expanding our production capacities and introducing advanced technologies.
- (h) The Company balances and considers responsibly the requirement to prioritize urgent tasks today with any long-term consequences.

7. Conflicts of Interest

Staff shall always act in the best interests of the Company and its customers and seek to avoid any conflict of interests in accordance with the following guidelines:

- (a) Staff must ensure that their personal interests do not conflict, or appear to conflict, with the duties owed to the Company or which the Company owes to a customer or other third party.
- (b) Staff must not engage in activities for personal gain in conflict with the interests of the Company.
- (c) Staff must avoid real, apparent, potential or perceived conflicts of interest in which personal interests might conflict with those of the Company.
- (d) Staff shall not seek or accept, directly or indirectly, any personal loan or services from any individual or business concern doing or seeking to do business with the Company except from institutions offering like loans or services to the public in the ordinary course of their respective businesses.
- (e) Staff shall promptly disclose any and all real or potential conflicts of interests to their supervisor and to one of the Legal Officers.

- (f) To the extent that the conflicts of interest cannot be avoided, Staff should inform supervisors and one of the Legal Officers and take themselves out of the decision-making process in connection with any action or decision that gave rise to the conflict of interest.

Personal interests covered include those that affect the spouse or partner and/or members of family of Staff, and any other person over whom a member of Staff may exercise substantial influence or control.

8. Gifts and Entertainment

Gifts, favors and entertainment may be given at the Company's expense or accepted from a competitor or an individual or firm doing or seeking to do business with the Company only provided they meet all of the following criteria:

- (a) they are consistent with the policies of the Company and do not violate applicable anti-bribery laws or ethical standards;
- (b) they are not excessive in value or frequency;
- (c) they cannot be construed as an improper inducement to obtain or retain business;
- (d) they are properly disclosed and approved according to Company policy, and
- (e) public disclosure of the facts would not embarrass the Company, or any member of Staff.

Payments or gifts of cash (or of cash equivalents such as stocks or commodities) to or from a competitor or an individual or firm doing or seeking to do business with the Company are never permitted and may not be solicited, offered, made or accepted by any member of Staff.

9. Criminal Wrongdoing and/or Fraud

Staff is responsible for safeguarding the tangible and intangible assets of the Company. Misappropriation of the Company's assets is a breach of duty to the Company and may constitute an act of fraud against the Company. Similarly, carelessness, waste or unauthorized use of Company assets is also a breach of duty to the Company.

IV. IMPLEMENTATION

1. Application of Code of Conduct

Please send your questions, proposals and remarks concerning compliance with, or a possible breach of this Code occurring at any of Company's plants or offices, to your immediate superior or to one of the Legal Officers.

The Company is committed to operating its business in a manner that encourages employees to openly discuss opinions, attitudes and concerns about how the Company does business. If you have a complaint and you are uncomfortable speaking to your supervisor, contact one of the Legal Officers. The key for both the Company and its employees is that questions and concerns become known so that the question can be addressed and resolved.

The Company will not tolerate any retaliation against an employee who raises a question or concern about the Company's business practices or a breach of this Code by any employee. Employees must understand, however, that using these communication channels to report a wrongdoing will not absolve the employee from accountability for personal involvement in such wrongdoing.

A member of Staff is expected to immediately report any suspected or attempted fraud or unexplained disappearance of funds by contacting his or her supervisor and/or one of the Legal Officers referred to below.

Members of Staff are required to cooperate fully with an appropriately authorized internal or external investigation, including but not limited to those involving ethical issues or complaints of discrimination or harassment.

Staff should never withhold, tamper with or fail to communicate relevant information in connection with an investigation. Making false statements to or otherwise misleading internal or external auditors, investigators, legal counsel or Company representatives may be grounds for immediate termination of employment or other relationship with the Company and may also be an act that can result in severe penalties.

In addition, Staff is expected to maintain and safeguard the confidentiality of an investigation to the extent possible.

Legal Officers:

Sergey Pustovalov
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Irina Skidan
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Office hotline: [office @borets.ru](mailto:office@borets.ru)

2. Enforcement

Each individual is responsible for his or her ethical behavior. Adherence to this Code is made obligatory for all Staff, notwithstanding their rank or position, and is incorporated into all employee contracts by reference, and linked to all disciplinary procedures.

Willful or careless breach or neglect of one's duties and responsibilities pursuant to the provisions of this Code will be treated as a serious disciplinary matter and can lead to the suspension or termination of employment.

3. Effectiveness and Review

The effectiveness of this Code will be reviewed periodically by the Board of Directors of the Company which will make amendments when necessary.

4. Training

The Company will offer a course or similar training in ethics with practical examples and applications of this Code for all new Staff. Such courses or other training will be organized by the management of the Company under the supervision of one of the Legal Officers.