

Appendix to Minutes no.8 dd 19.12.2018

**APPROVED by
decision of the Board of Directors
of PJSC MMK
Minutes dd. 19.12.2018 № 8**

**Chairman of the Board of Directors
of PJSC MMK**

_____ **V.F. Rashnikov**

**CODE OF BUSINESS ETHICS
OF
PUBLIC JOINT STOCK COMPANY
MAGNITOGORSK IRON AND STEEL WORKS**

Magnitogorsk

CODE OF BUSINESS ETHICS OF PJSC MMK

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Introduction

The Code of Business Ethics (hereinafter, "the Code") of the Magnitogorsk Iron and Steel Works Public Joint Stock Company (hereinafter, "the Company") organizes into a system of the rules conduct for the Company employees' regardless of their specialty, qualification or job title, for the purpose of securing the Company's reputation in the sphere of entrepreneurial or other business activities. The Code regulates employees' situational behavior based on the principles of conscientiousness, reasonability, fairness and partnership which contribute to the Company's successful performance.

The purpose of its adoption is to increase confidence in the Company's activities on the part of the state and partners (counterparties).

1 Terms and definitions

Business ethics shall mean the body of rules regulating relationship arising in the ordinary course of business.

2 Development strategy

The Mission is to be a reliable supplier of high-quality steel products meeting the demands of Russian customers with a view to make the Company the global leader in terms of efficiency, to create shareholder value-added and to improve quality of life and well-being of our employees and people in locations of the Company's assets.

The Strategic goal is to become a leader among steel-making companies globally with comparable production output in terms of total shareholders return.

3 The Company's Social Values and Responsibility

The Company is totally committed to ethical principles and standards. The Company places the highest value on honesty and conscientiousness and believes that invariable loyalty to these standards is a key pre-requisite of the Company's continuing success on the international markets.

The Company proclaims that social responsibility principles are part of any business relations. Adhering to the principles of partnership and cooperation between business and the State, the Company implements social programs on a voluntary basis.

The implementation of the Company's social and sponsorship programs, the quality and efficiency of relations with governmental and local authorities are all factors instrumental to enhancing the Company's business reputation, its investor attractiveness and competitiveness, and contributing to achieving social peace, security and well-being of citizens, preserving the environment, upholding human rights, and ensuring sustainable development of the Company as a self-reliant and responsible entity.

4 The Company's Corporate Culture

The corporate culture is a set of values, convictions, traditions and code of practice mandatory for all employees of the Company and determining their behavior.

4.1 Interpersonal Relations

All employees are entitled to work in an atmosphere of respect and understanding. Relations between the Company's employees shall be based on the principles of mutual respect and subordination.

In interactions among themselves the Company's employees shall use the language excluding any insults or offense to dignity of the partner in conversation.

4.2 Requirements for the Workplace and the Employees' Appearance

The Company shall provide employees with:

- workplaces, production premises and office buildings considering the labour protection, industrial and fire safety requirements;
- special clothes, footwear and other individual means of protection depending on the actual working conditions and seasonal factors.

Employees not provided with such special clothes and footwear shall be allowed not to conform to uniformity in their dress. Nevertheless any clothes must conform to the business dress style and be modest and conventional.

4.3 Relations with the Company's Contractors

The Company's employees shall make their best efforts to maintain maximum objectivity and impartiality in dealing with the Company's contractors.

The Company's employees must strive to meet the interests of the contractors:

- to provide them with complete and accurate information;
- to provide courteous and proper treatment;
- to comply with the agreements reached in terms of payment for the products, delivery dates and quality of the products supplied.

The Company's employees shall not distort, conceal or otherwise misuse any information for the purpose of self-profit at the expense of the Company's contracting parties or the Company itself.

4.4 Gifts¹ and Hospitality Expenses

The Company's employees are advised not to give or accept gifts in respect of performance of their job duties, as well as not to bear hospitality expenses that could have an impact on making commercial decisions.

However, if an employee needs to give and/or accept gifts on behalf of the Company and/or bear hospitality expenses, then such gifts and expenses shall meet all of the following criteria:

- gifts/expenses are directly related to the Company's advertising objectives, national and professional holidays and are not systematic;

¹ Gifts also include participation in seminars, conferences, exhibitions, festivals, sports, entertainment and other events paid for by contractors.

- gifts/expenses are not luxury goods, cash or securities;
- gifts and expenses will not compromise the Company's reputation;
- there has been no solicitation for a gift on the part of the employee.

Information about the gifts which cost more than USD 300.00 (or equivalent amount in another currency) should be entered into the gift register (on-line gift registration form is posted on the corporate web-portal, in the employee's personal area, in section "Gifts received by MMK's employees" (https://mmk-portal.mmk.ru/privat_data/auth_lk.php)).

As for gifts and expenses intended for government officials, the employees of the Company shall be guided by the requirements of the Russian legislation which defines the grounds and procedure for giving gifts or performing other types of remuneration.

4.5 The Company's Attitude to Corruption

All the Company's employees shall be guided by the requirements of the Company's Anti-Corruption Policy.

4.6 Employees' Loyalty to the Company

The Company's employees must take pride in their employment with the Company.

The employees must be always aware that the reputation of the Company may depend largely on their actions and behavior since they are the Company's representatives, express or implied. Therefore, both inside and outside the Company, the employees shall show loyalty when speaking of the Company and its activities.

4.7 Use of the Company's Resources

The Company's resources include everything involved in the Company's operations, such as people, machines, materials, intellectual property, reputation, information and its sources, documentation, means and channels of communications, software and monetary funds.

Maintenance of the Company's resources in good condition and their protection against theft, wasteful use or use for the purpose of self-profit shall be ensured by the Company's employees acting in conjunction with the Company's special departments and law enforcement bodies.

To ensure efficient use of the Company's resources every employee shall:

- not use the Company's resources for the purpose of self-profit with a mercenary motive;
- use electronic communications means (telephone, access to the Internet and e-mail) only for purposes related to the Company's operations;
- protect all software, data, messages and written materials against accidental access by third persons according to the RF current law and local regulations of the Company on commercial secrets;
- use the Company's resources only for legitimate purposes determined by the employee's job function and the purpose of the asset in question.

The Company does not rule out situations where employees of the Company may need to use the Company's electronic communication means, office equipment or the Company's cars for purposes not related to the Company's operations.

In the event of such situations, the Company is entitled to request an employee to compensate damages incurred by the Company as provided for by the RF law.

4.8 Confidential Information

The Company's employees are obliged to protect the confidentiality of restricted information, access to which is necessary for the performance of their job duties, and strictly conform to all the Company's regulations on obtaining, keeping and using such information.

The Company's employees must prevent any unauthorized access to confidential information and promptly report any cases of inappropriate submission, receipt or misuse of confidential information or other cases of incorrect use of such information.

5 Conflict of Interests

The Company shall pursue a policy aimed at preventing conflicts of interests of the Company's employees and the Company itself.

A conflict of interests arises when the Company's employees engage in activities, have interests or enter into relations, which may be regarded as affecting the observance of the Company's interests by such persons.

The Company's employees should take actions to avoid such personal interests that may adversely affect their working efficiency for the Company as well as the Company's interests.

The Company's employees (the list of job titles is determined by the order of the General Director of PJSC MMK) must promptly disclose information that led or may lead to a conflict of interest between the employee and the employer, by filling out the notification form posted on the corporate web-portal at <https://mmk-portal.mmk.ru>.

5.1 Specific Cases

This Code does not establish all situations which may give rise to a conflict of interests. Some of the possible situations which may generate such a conflict are as follows:

- commercial activity performed by an employee's family;
- commercial activity performed by the employee him/herself;
- existence of financial interests in another entity with which the Company maintains contractual relations;
- taking of another job;
- work as a director or an officer in another entity;
- hiring of an employee's family members.

A conflict of interests may arise if the Company's employees or their spouses, parents, children, blood or non-blood brothers and sisters, adoptive parents and adopted children and/or persons under their control (controlled entities):

- are parties, beneficiaries, intermediaries or representatives in a transaction with the Company;

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- are the controlling person of a legal entity which is a party, beneficiary, intermediary or representative in a transaction;
- hold positions in the governing bodies of a legal entity which is a party, beneficiary, intermediary or representative in a transaction, or positions in the governing bodies of an organization managing such a legal entity.

For the purposes of this Code, the controlling person shall mean a person entitled, directly or indirectly (through persons controlled by him), to dispose by virtue of participation in the controlled entity and(or) on the basis of fiduciary management agreements, and(or) simple partnership agreements, and(or) agency agreements, and(or) shareholder agreements and(or) other agreements, the subject of which is the execution of rights attached to shares (stakes) of the controlled entity, of more than 50 percent of the votes in the highest governing body of the controlled entity or to appoint (elect) the sole executive body and(or) more than 50 percent of the collegial management body of the controlled entity. The controlled person (controlled entity) shall mean a legal entity under direct or indirect control of the controlling entity.

No conflict of interests exists when a transaction party is related to an employee of the Company only because a member of such an employee's family is employed by the Company, and the employee in question cannot, due to the nature of his/her position or job, exert any influence over the conclusion of the transaction, its material terms and conditions or its execution.

For the purposes of this Code, "family members" shall mean the following:

- spouses;
- parents;
- children;
- full or half brothers and sisters;
- adoptive parents and adopted children.

Notwithstanding the foregoing, members of the Company's governing bodies who are not the Company's employees, and their family members may have a significant financial interest in or be affiliated with the Company's contracting parties, competitors or third parties with whom the Company has or intends to have commercial relations.

Such members of the Company's governing bodies, however, must communicate to the Company's Board of Directors and the Company's Auditor the following information:

- legal entities in respect of which they and(or) their spouses, parents, children, blood or non-blood brothers and sisters, adoptive parents and adopted children and(or) their subsidiaries are controlling persons or have the right to give binding instructions;
- legal entities in whose governing bodies they and(or) their spouses, parents, children, blood or non-blood brothers and sisters, adoptive parents and adopted children and(or) their subsidiaries hold positions;
- transactions being made or about to be made known to them, in which they may be recognized as interested parties.

Moreover, transactions with such persons are subject to settlement (subsequent approval) by the Company's Board of Directors or general shareholders' meeting in accordance with Russian law.

Combining work in different entities, though not welcomed by the Company, does not constitute a breach of this Code per se. However, an employee of the Company opting for such work must realize that it might give rise to a conflict of interest. The Company expects such employees to make a point of separating their work and interests with regard to their position with the Company from their work in any other organization.

In case of an employee of the Company being appointed to a position in the governing body of another organization, if the interests of this other organization are or may be contradictory to the interests of the Company, such an employee shall notify the head of the structural subdivision (department) thereof. This rule does not apply to members of the Company's Board of Directors who are not employed by the Company.

6 Practical Application of the Code

6.1 Knowledge of the Code

The Company's employees must know and observe this Code and apply their best efforts to make sure that it is observed by others. The Company's managers must demonstrate personal commitment to the Code, creating a work environment that promotes compliance with this Code.

The Company's department in charge of personnel issues shall make sure that:

- all persons newly employed receive an introductory briefing on the Codes' provisions;
- the employees' knowledge of the Code is tested during regular and special personnel evaluations.

Upon initial studying of the Code, every employee of the Company shall sign the form of a Commitment to Accept and Observe the Code attached hereto (See Annex). The signed Commitment shall be kept in the Company's department in charge of personnel issues.

The heads of structural units (departments) must ensure that:

- an introductory briefing on the Codes' provisions is conducted (at least once every six months) with employees of structural units (departments);
- an introductory briefing on the new version of the Code is conducted with the Company's employees no later than 1 month from the date of approval of the Code;

All briefings shall be conducted with the obligatory registration of the familiarization protocol.

The Code is a public document which is disseminated among the Company's employees (departments) by placing it on bulletin boards, in reception and meeting rooms, etc.

The text of the Code shall be also placed on the Company's website.

6.2 Violations of the Code

Violations of the Code include:

- violation of the principles of mutual respect;
- insults or offense to dignity of the partner in conversation;

- obtainment of material gain at the expense of the Company or its contracting parties;
- no record of gift registration;
- provision of false information or failure to provide data that has lead or may lead to a conflict of interests;
- misleading public utterance containing incorrect statements about the company's activities and(or) inappropriate behavior that could affect the Company's reputation;
- use of the company's resources for personal gain.

When in doubt whether their actions are correct, the Company's employees shall consult with the head of the structural subdivision (department), and apply to the Ethics Committee, if necessary.

6.3 Reporting the Code's Violations

The Company shall encourage its employees to openly discuss the Code and shall take a positive view of any constructive proposals for the Code's improvement. Regarding any issues of the Code's application or any instances of its violation the Company's employees or other persons can pass their messages (either anonymously or identifying themselves):

- by phone: 24-30-30;
- by e-mail: 24-30-30@mmk.ru;
- by mail to the address: ul. Kirova 93, 455000, post box "000".

Where an employee of the Company identifies him/herself thus enabling the Company to contact him/her for further information, the Company shall keep such information confidential to the extent it is warranted by the circumstances and contributes to the implementation of this Code.

6.4 Investigation of the Code's Violations

All instances of the Code's violation revealed or reported by the Company's employees, shall be investigated by the Company's departments, which revealed violations.

In case any conflict of interests with the participation of employees from the list approved by the order of the General Director (see Clause 5) be identified, the Security Department shall conduct an investigation. Materials reporting the investigation of a conflict of interests shall be submitted to the Ethics Committee of PJSC MMK.

In the event that there are unresolved disputes on the qualification of actions of the Company's employees, violations verification documents shall be passed to the Ethics Committee for review and decision-making regarding qualification of the violating employees' actions in each specific case with regard to violation of the Code.

After reviewing individual cases of violations of the Code, the Ethics Committee has the right to submit proposals to appropriate structural divisions in order to change local regulations (in terms of inclusion of requirements to conduct of the employees in local regulations).

The Company has established that disciplinary measures may be applied to any employee of the Company for any infringement or improper implementation of this Code in accordance with Russian law and the Company's bylaws and regulations. A violation of the Code may be also the basis for the review of information thereof within the staff members.

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Annex to the Code of Business Ethics
of PJSC MMK

**COMMITMENT TO ACCEPT AND OBSERVE THE CODE OF BUSINESS ETHICS
OF PJSC MMK**

I have read the Code of Business Ethics of PJSC MMK ("the Code") in full and understood MMK's principles and values in respect of business ethics and behaviour.

I hereby express my agreement with the Code and undertake to observe the provisions thereof and be guided thereby in making decisions in my professional activities.

I am aware of and assume my personal responsibility for any infringement on my part of the Code and the laws of the Russian Federation or any bylaws or internal regulations of PJSC MMK, and know that I must advise the head of the structural subdivision (department) of such infringements, if any.

«_____» _____ 20__ .

signature

Last name

First name

Patronymic