

HOW WE WORK

Principles + Values
of SCM Group



**SYSTEM
CAPITAL
MANAGEMENT**

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"HONESTY AND INTEGRITY are our fundamental
VALUES helping us to be EFFECTIVE,
PROFESSIONAL AND RESPONSIBLE"

Dear friends,

SCM's reputation of an effective and responsible business plays a decisive role in our success and ability to create value and benefit shareholders, society and the country.

We have built our reputation on four main values: Honesty and Integrity, Responsibility, Effectiveness, Professionalism. We have been committed to these values since SCM's inception more than 12 years ago. Today it is time to work them out in detail and, proceeding from standards and principles, to set clear rules that we apply in our day-to-day work. We need to articulate them firstly for us, for our 300,000 employees.

We have put our standards and principles in writing and now have a small but very important document, HOW WE WORK. Here we have set out how we manage our business, how we behave in straight forward or challenging situations and what we think is right or unacceptable.

I believe that actions speak louder than words. The behaviour of everyone from senior manager to shop worker influences how successful we are, how effectively we work and how SCM is seen and perceived by our partners, residents of our local communities, potential employees and many others. HOW WE WORK mirrors what we believe in and how we want to operate. This is our informed choice.

If everyone at SCM works to these principles, we are sure to succeed and can be proud of this success and share it with others. This would be a success for which Ukraine and the world will recognise and respect us.

If each of us works to these principles, we can be a success not just today but in the long term.

I encourage every employee of SCM to read HOW WE WORK, adopt it as the standing rule at SCM and uphold these principles and values in your daily operations.

A handwritten signature in black ink, appearing to read 'Oleg Popov', with a long horizontal stroke extending to the left.

Yours faithfully,
Oleg Popov

THIS IS HOW WE WORK

OUR MISSION + 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: to create through development

We create efficient businesses and manage them applying the best global standards and practices, ensuring long-term return on investment and contributing to the development of the regions where we operate.

SCM values

SCM is a leading business in Ukraine working to the highest professional standards and is at the forefront of the country's development as a European country.

SCM Group seeks to increase the shareholder value of our business through investment in development and growth of our assets. At the same time, we recognize our responsibility to the local communities, where the Group's assets operate, and to Ukrainian society in general.

This approach is confirmed by our corporate values:

Honesty and integrity

are foundation of our relations with stakeholders and the cornerstones 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 norms and rules without exceptions or compromises
- we treat our colleagues, partners, clients and consumers with honesty and candour and build our relations on mutual trust
- we strictly respect every obligation to colleagues, partners, clients and consumers even if doing so compromises our convenience.

Responsibility to our employees, partners, local communities and entire society.

Effectiveness

as a tool to achieve the best results in everything we do. It means for us:

- achieving set goals
- applying modern technologies and business approaches
- regularly improving processes and methods of doing business
- using resources in a sustainable way
- looking for new opportunities
- being ready for change.

Professionalism

in doing business, which includes investing in people, encouraging innovation and work commitment. It means for us:

- meeting the highest standards
- encouraging initiatives and innovation
- investing in the professional development and loyalty of employees
- attracting and retaining skilled professionals
- assessing our achievements fairly.

THIS IS HOW WE WORK

OUR PRINCIPLES OF BUSINESS ETHICS

We have clear principles to refer to when judging whether our actions and decisions are appropriate and allowed:

- honesty and good faith in relations within the company
- integrity in relations with customers and business partners
- respect for the 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.

These Principles of business ethics (hereinafter “The Principles”) fully match our mission, vision and values. Our development in the future depends on how well we understand and follow them.

SCM Group has a zero tolerance policy for any form of retaliation or reprisals against employees reporting violations of these Principles and codes of ethics and business conduct of their companies.

In the next chapters we explore each principle in detail.

HONESTY + GOOD FAITH IN RELATIONS WITHIN THE COMPANY

We act honestly and 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 treat our colleagues with honesty and candour and build our relations on mutual trust. Any form of rudeness, pressure and reluctance to seek solutions to challenges is unacceptable in relations between our employees.

We all should be mindful of the personal responsibility for the reasonable and efficient use of corporate resources and their safeguarding.



The company's resources include:

- tangible assets (property, equipment, cash, financial instruments etc.)
- intellectual property
- confidential information
- corporate reputation.
-

We refrain from using our position and company's resources for personal gain.

We do not tolerate any embezzlement or abuse. Should you become aware of such facts, you must report them to corporate supervisors of your company (managers, security service, internal auditors, compliance department or legal department) or contact our Trust Line.

We use the company's confidential information only for corporate purposes and do not disclose it to anyone outside the workplace. We do not discuss such information where it can be overheard. Prior to disclosing any confidential information, you must make sure that the recipient has an appropriate access right.

We do not use the company's confidential information for personal gain when dealing with corporate securities.

We protect the reputation of SCM and SCM Group. We refrain from taking any public actions, making any public statements or expressing personal opinions that may affect the reputation of SCM or SCM Group. We speak to media on behalf of the company only with prior consent of senior managers or authorised PR specialists.

We avoid situations where our personal interests may conflict with those of the company. Therefore, we timely inform our immediate manager and the Legal Department of the company about any potential conflict of interest between an employee and the company.

HONESTY + GOOD FAITH IN RELATIONS WITHIN THE COMPANY

The examples below will not be seen as violations of these Principles if an employee has duly informed the management and the legal department and received necessary permissions.

After being informed, the senior managers decide whether the potential conflict of interest is acceptable for the company. If not, the involved employee may be relieved from making decisions in this specific situation. If the conflict is serious, the company reserves the right to ask the employee to choose between employment at the company and personal interests.



The conflict of interest is a situation, where personal interests of an employee (within his/her job duties) may conflict with interests of the company or affect the objectivity of business decisions that an employee makes:

- being employed simultaneously at SCM
- Group and another company or organisation outside the Group
- employing related individuals (relatives, former colleagues and close friends) as subordinates, contributing to their appraisal and promotion
- engaging in business transactions on behalf of the company with entities, where the employee or his/her related individuals are board members, directly or indirectly own participatory shares or are entitled to other benefits
- establishing business relations and doing business on behalf of the company with oneself or closely related individuals
- investing directly or indirectly in company's competitors (except for investment in publicly traded shares or other public securities, provided that the stock makes less than 5% in the share capital of the competitor).

INTEGRITY IN RELATIONS WITH CUSTOMERS + BUSINESS PARTNERS

We always deal fairly with customers, suppliers and partners.



We supply goods and services and make payments in accordance with agreed terms.

We promote the company's interests using only legitimate and professional instruments.

We guarantee the quality of our products and services that always meets the standards we declare.

We provide a timely response to complaints and claims of our customers and protect their confidential information.

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

We respect our rivals' ownership including intellectual property rights.

We deal fairly with minority shareholders and strictly follow the law and the corresponding corporate governance standards.

RESPECT FOR THE INDIVIDUAL + OBSERVANCE OF HUMAN RIGHTS

At SCM Group, we respect human dignity and human rights.

All our companies must engage only in those business practices that guarantee human dignity and employees' rights.

We protect the health and safety of our staff at their workplaces, ensure full compliance with safety standards and create working conditions, where injuries and occupational illnesses can be avoided. Each manager must lead by example when it comes to occupational safety and establish an environment of mutual trust and respect.

We encourage our employees to seek new knowledge and pursue professional growth.

Discrimination against age, gender, nationality or religion is absolutely unacceptable. We do not tolerate workplace harassment.

We respect employees' rights to privacy and protect their confidential information.

TRANSPARENCY + OPENNESS

We are building a dynamic developing company that meets all the modern criteria for a successful and transparent business.

SCM Group is one of the few businesses in Ukraine publishing financial and sustainability reports annually.

Within the scope of our duties we all must accurately and reliably account for management, operational and financial records, prepare reports on time and contribute to the transparency of relevant financial and non-financial information.

Senior management of our businesses must provide timely disclosure of substantial financial and operational risks in the interests of our investors, employees and the society.

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

Our companies prepare financial reports in line with local laws and the accounting policy of SCM Group and strictly prevent any attempts of fraud and manipulation of financial information.

ZERO TOLERANCE FOR BRIBERY + FIGHTING CORRUPTION

At SCM Group, we do not tolerate any form of bribery or other corrupt practices to gain additional competitive advantages.

We demand that our employees strictly follow our supplier selection rules and do not offer favourable treatment to any particular supplier.

We all should remember that the gifts or business hospitality we accept should neither be excessive nor imply any allegiance in business practice. Companies of SCM Group establish their own limits of business hospitality.

We neither condone nor engage in bribery, any forms of inducement of officials or other forms of corruption while dealing with government authorities and their representatives.

SUSTAINABLE DEVELOPMENT + SOCIAL RESPONSIBILITY

SCM Group employs more than 300,000 people and over 5 million people live in the regions where we operate.

Providing good working conditions and ensuring high living standards in our local communities is an important priority.

We implement social partnership programmes that combine social infrastructure and business environment initiatives and projects in education, health, environment, energy efficiency, culture and sports.

We contribute to the sustainable development of the society by maintaining a balance between our short-term and long-term plans. We make all business decisions after a careful review of their potential impact on the life of people in the regions where we are based.

We work closely with public groups, local communities and governments. We support national policies that promote economic and social development including effective employee relocation that results from some of our business decisions.

Our procurement policy advises that, all other conditions being equal, our companies prefer suppliers who share our Principles.

SUSTAINABLE DEVELOPMENT + SOCIAL RESPONSIBILITY

All other conditions being equal, the companies of SCM Group prefer to place orders with competitive local contractors based in the regions where we operate. We realise our responsibility for the extensive environmental footprint of our production cycles.

Therefore our companies develop environmental management systems and roll out long-term investment programmes to mitigate pollution and rehabilitate territories.

We cooperate and consult with local communities where the environment and health and safety of residents are affected by our operations.

Every one of us has the right to be involved in civic society capacity building and public initiatives.

However, we do not allow inappropriate and forced involvement into political activities and campaigns.

SCM Group encourages corporate volunteering to improve the life of vulnerable population groups.

We contribute to charitable initiatives by implementing joint projects with the Foundation for Development of Ukraine in the areas of education, health of the nation, cultural heritage and targeted assistance.

LEGITIMACY + THE RULE OF LAW

We follow the applicable laws of Ukraine and other countries where SCM Group operates.

Please contact the legal department of your company should you need interpretation of laws or doubt the legitimacy of your or your colleagues' actions.

HOW TO COMPLY

Who should follow our Principles?

All employees of our businesses should follow these Principles and the codes of ethics and business conduct of their companies.

We encourage our contractors and individuals or entities authorised to represent SCM Group with third parties to adapt their codes of ethics to be fully in line with our Principles.

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

We should all remember that the good name of the company depends on how we behave in challenging and conflict-related situations.

We therefore encourage our associates (the companies, where SCM Group does not own a controlling stake), agents, brokers, other authorised external representatives, consultants, contractors and suppliers to follow these Principles.

What to do in case of doubt or contradictions?

Every one of us should always retain integrity, follow common sense and act honestly in any situation.

As we apply these Principles and additional conduct standards for SCM Group's employees, we follow applicable laws and requirements of this document. If the Principles and the additional norms impose more stringent the requirements than the law, we follow stricter regulations.

Please contact your immediate manager should you have any questions about interpretation of the Principles or additional conduct standards issued by SCM Group's companies, or if you have doubts about what to do in a particular situation.

Where raising an issue with your manager is impossible or inappropriate, please raise your concerns with human resources (HR), internal audit, security, compliance or legal counsel of your company.

You can also use the Trust Line established specifically to receive feedback and enforce corporate and ethical standards. The information about the Trust Line is provided [on pages 24-30](#).

We take seriously all comments, queries and questions about interpretation and application of these Principles and codes of our businesses.

Responsibility for violations

No employee or manager of SCM Group's companies can force other employees to commit any action violating the applicable law or these Principles.

We treat a failure to comply with the Principles as a serious violation to be duly considered by the company's management. Sanctions may involve a disciplinary action up to termination of employment.

Our senior and middle managers are accountable both for the personal conduct and actions of their subordinates. Top executives should thus prevent, detect and promptly respond to any violation of these Principles by their subordinates.

Representatives of our companies must report to the law enforcement authorities any violation that may lead to criminal responsibility under the current legislation or if such reporting is required by law. In other cases, the management should act at their own discretion and may exercise the right to take administrative or financial action against the violator.



Actions may also be taken in the following cases:

- requesting (ordering) employees to breach The Principles or the applicable legislation
- concealing or failing to promptly disclose known or suspected breaches of these Principles, other policies and procedures of the company, and the applicable legislation
- defaming or providing misleading information about the violations
- retaliating against those who informed about violations
- refusing to cooperate during internal investigations.

The full list of possible violations is available in the List of Violations [on page 29](#).

Any sanctions will be applied only after an unbiased investigation into the circumstances, severity of the violation and the actions the violator has taken to mitigate the consequences of the wrongdoing.

Business Ethics Committees

Business Ethics Committees established at every holding of SCM Group will initiate internal investigations and review circumstances of ethical violations.

The committees regulate corporate relations in companies in line with SCM Group Principles and ethical codes of our businesses.



Business Ethics Committees shall:

- respond to violation reports from employees and ensure compliance with these Principles and ethical codes of our companies
- initiate internal audits and investigations
- assess the sufficiency of facts about the violations and advise on appropriate actions and punishment
- make recommendations related to business ethics
- organise monitoring of the impact of norms of business ethics on the working environment.

After being informed about a violation of the Principles, the Business Ethics Committee considers the report individually or with a respective department.

The report review procedure and the frequency of Business Ethics Committee's meetings are fixed in Provisions on Business Ethics Committee for each holding of SCM Group.

FEEDBACK +
OUR
TRUST LINE

Reporting violations

The Principles oblige each employee to follow them every day demanding the same from others including immediate supervisors and to timely report any violations.

Each of us has a right to tell a colleague that violations are not tolerated, demand that he/she stop the actions leading to a breach, or to address concerns to immediate managers.

Employees can directly approach the Business Ethics Committee, the Internal Audit Department or the Security Service – personally, in writing or by phone.

Please remember that each employee acting in good faith seeking advice, sharing concerns about the results of our common goal, or reporting inappropriate actions, does the right thing.

We realise though that this may not be always possible in a hierarchy with subordination and certain rules of personal interrelations. This is why we have set up the [SCM Group Trust Line](#).

Protecting whistle-blowers

We remind that any retaliation against employees reporting possible violations of law, these Principles or the company's ethics code is strictly prohibited across SCM Group.

The employees who believe that they are being retaliated against should contact the Legal Department of their company and the Business Ethics Committee or report the facts of retaliation through our Trust Line.

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

Purpose of SCM Group Trust Line

We have set up the Trust Line to assure its users, audit committees and other authorised representatives of our businesses that not a single reported message will be lost or ignored.

At the same time, appropriate departments of each company are responsible for timely and adequate reaction to the reports collected via our Trust Line. In this case the Trust Line can track how our businesses deal with reports.

Should you doubt the adequacy or sufficiency of the measures taken, please resubmit your report.



The Trust Line serves primarily to collect reports on violations of these Principles and codes of conduct and business ethics of our companies. It is not designed to receive advice regarding goods or services, provide distance services or handle customer complaints. To address these matters, our businesses set up own hotlines.

However, we encourage you to report via the Trust Line if the communications channels provided by our companies failed to prevent violations of the Principles.

How the Trust Line works

The Trust Line collects information by any channel: post, email, telephone, online feedback forms on SCM Group's website and special drop boxes. You can report anonymously if necessary.

The Trust Line is independent from any holding or department within the Group and thus cannot be directly controlled by senior executives or security service of individual companies.

The Trust Line employs skilled operators and protects voice and Internet privacy.

Your message will be registered with the common automated incident management system. As your report is being registered, you will receive a unique secret code to be able to check the status of your message.

Following the registration your message will be processed in line with internal investigation standards of your company with necessary questions sent only to the people authorised to answer them.

If you report about a chief executive of a business unit or company, the investigation will be conducted on a higher level with a necessary degree of confidentiality.

Escalating incidents

Messages about violations of business ethics by senior executives will be sent immediately and directly to the members of the Audit Committee or any other authorised body bypassing the executive board and departments of the company including the Business Ethics Committee.

Reports about violations of business ethics by all other employees will be sent to the corporate business ethics committee.

Reporting violations properly

Please read the instructions on our website on how to use the Trust Line to ensure effective processing of all reports and timely reaction to possible violations.

MAKE SURE YOUR MESSAGE CONTAINS THE FOLLOWING INFORMATION:

subject (please choose from the list of violations below)

time and place (country, city, holding, company)

parties involved

essence of the message (facts that you know)

other information that might be helpful to address the issue

optional: contacts for feedback – name, last name, employer/position or how you are related to the company.

Protecting anonymity

You may submit anonymous reports via the Trust Line as it does not have automatic number identification for incoming calls. Anonymous reports registered with the Trust Line are processed similar to other messages, given there is sufficient information about the violation.

To guarantee your anonymity, please follow simple rules:

- Do NOT send messages from your work computer
- Do NOT use corporate telephone lines to call the Trust Line
- Do NOT put your name under the message
- Do NOT specify any details that may identify you.

List of violations

Please use the list below when reporting to the Trust Line. Violations include but are not limited to:

1	Health and safety violations
2	Conflict of interest
3	Insider trading
4	Misrepresentation of financial statements
5	Theft or improper use of company's assets
6	Corruption, bribery of employees ("bribes", "kickbacks"), incl. gifts and entertainment
7	Sexual harassment
8	Discrimination
9	Workplace violence / threats
10	Retaliation against whistle-blowers
11	Substance abuse
12	Breach of consumer rights

Trust Line

www.scm.com.ua/en/trustline



0800-6000-777

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

or +38062-384-7232

(connection fee is charged according to the tariff plan of your operator)

TRUSTLINE@scm.com.ua

www.scm.com.ua/ua/trustline