

APPROVED BY
Resolution of the Board of Directors
PSC VSMPO-AVISMA COPRORATION
of August 2, 2016
Minutes of BoD meeting
of August 2, 2016

PSC VSMPO-AVISMA CORPORATION
CODE OF CORPORATE CONDUCT

PSC VSMPO – AVISMA COPRORATION

2016

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1. Scope of application

1.1 The Code of Corporate Conduct (hereinafter referred to as the Code) of PSC VSMPO-AVISMA Corporation (hereinafter referred to as the Company) reflects the business philosophy of the Company and fundamental principles of the corporate culture and ethics of the Company with which all employees of the Company are required to comply.

1.2 This Code applies for all structural units and employees of the Company and is advisory for all subsidiaries (including institutions) of the Company.

1.3 This Code is advisory for natural persons, who work for the Company on the basis of civil legal agreements concluded with the Company, as well as for contractors, advisors, agents who perform instructions of the Company or represent the Company towards third parties, if they are acting on behalf of the Company.

2. General provisions

2.1 The Code reflects the commitment of the Company and its management to high ethical standards of open and transparent business conduct, called for improvement of corporate culture, compliance with the best practices of corporate management and maintaining business reputation of the Company on the highest level.

2.2 The provisions of Russian Federation laws, customaries of corporate and business ethics, Articles of Association of the Company as well as experience of the best Russian and foreign corporate management practices are taken in consideration during the creation of this Code.

2.3 If specific provisions of the Code will contradict applicable law of the Russian Federation, the provisions of applicable law of the Russian Federation shall apply.

2.4 Each employee of the Company:

- shall follow provisions of the Code and rules of conduct, relevant to his/her work, in particular during performance of projects abroad;

- shall consult his/her immediate supervisor or Corporate Ethics Commission for response and clarification of questions he/she may have with regard to the application and compliance with rules of conduct pursuant to the procedure set forth in Section 13 of this Code;

- shall report without delay to his/her immediate supervisor and/or to the Economic Security Department as provided in this Code about all requests made to him/her by any persons with the purpose to persuade him/her to perform any acts which may lead to infringement of this Code;

- shall comply with other rules of conduct and restrictions as provided in this Code.

2.5 Executive directors, General Director Deputies and area directors:

- shall sign the written obligation to comply with this Code (Appendix A) and confirm this obligation on an annual basis according to established procedure;

- shall be a positive personal example of ethical conduct;

- shall explain to their subordinates the provisions of this Code for its

implementation in practice and to prevent infringement of the rules provided herein;

- shall take into account the compliance of employees with the rules of conduct, provided by the Code, during annual assessments, determination of rewards and career promotion.

2.6 The documents of the Company, including those governing relations with government authorities, business partners, and employees are developed and approved under consideration of principles of this Code.

2.7 Specific provisions of the Code and their implementation procedure are stipulated in more detail in internal documents of the Company, including policies, standards, regulations, job descriptions etc. Some of these internal documents are referred to in this Code.

3. Mission and strategy of the Company

3.1 **The Mission** of the Company is the utmost satisfaction of the needs of Russian and foreign Customers and purchasers of high quality and price-competitive articles made of titanium, aluminum alloys and other materials for high-tech industrial segments – from aerospace to medicine.

3.2 The **Strategy** of the Company is the expansion and diversification of production, increase in the share of value-added high-tech products, development of cooperation with partners, expansion into new markets and increase of its market share in those markets where the Company is already present; all on the basis of applying the ethical principles set forth in this Code. Quality is the centerpiece in all areas of business of the Company. The Company conducts a policy of continuous improvement by means of cooperative efforts and insistence on compliance with approved procedures in all activities and functions.

4. Compliance with applicable laws

4.1 The Company and its employees shall strictly comply with applicable provisions of Russian and international laws, Articles of Association and internal documents of the Company, in reliance on principles of good faith, reasonability and provisions of this Code.

5. Relationship between the Company and its employees: Labor Protection

5.1 The main principles of the relationship between the Company and its employees according to generally accepted principles and norms of international law and laws of the Russian Federation are the following:

- prohibition of involuntary labor and any forms of discrimination;
- provision of equal opportunities to all employees based on principles of respect of human rights and freedoms. In the course of implementation of human resources policy, salary administration policy, and social security policy, the Company does not employ any

preferences in nationality, sex, age, race or ethnicity, language, origin, property, marital and social status, place of residence, beliefs, membership or non-membership in public associations or any social groups, as well as in other circumstances not relevant to professional qualities of the employee;

- ensuring rights of employees and employers to associate for protection of their rights and interests, including the right of employees to establish trade (labor) unions and join them and non-discrimination towards the members of such associations and unions;

- ensuring the right of each employee for timely payment in full amount of payroll which is not lower than minimum wage amount established by laws of the Russian Federation;

- prohibition of child labor in the Company and its subsidiaries within the meaning of ILO Convention № 138 “Minimum Age For Admission to Employment”;

- continuous improvement of management methods to provide employees with favorable working conditions and opportunities for improvement of their qualifications and personal fulfillment;

- observance of personal data confidentiality by the Company pursuant to the requirements of P UIT-010 “PSC VSMPO-AVISMA Corporation Personal Data Security Regulation”;

- ensuring labor safety conditions on the basis of compliance with applicable laws of the Russian Federation, (inter-industry) labor safety rules as well as internal occupational health and safety documents of the Company.

5.2 The Company expects and highly appreciates in its employees:

5.2.1 Competence:

- deep and comprehensive expertise in their profession or area of responsibility;
- high professionalism;
- good understanding of associated professions or knowledge in collateral trades;
- regular training and improvement of their own competency.

5.2.2 Initiative:

- ability to propose new approaches and ideas;
- striving for self-improvement;
- creative approach to work;
- activity and independence of thinking;
- readiness and ability to undertake responsibility.

5.2.3 Thrift:

- prudent approach regarding the use of Company assets;
- implementation of measures facilitating productivity enhancement and cost reduction.

5.2.4 Personal qualities:

- honesty, decency;
- kindness towards colleagues;

- ability to build relationships with partners and colleagues;
- high personal maturity and self-discipline;
- ability to keep information confidential.

5.2.5 Corporate culture:

- commitment and loyalty to the Company;
- awareness of the significance of personal contributions in the fulfillment of the mission of the Company;
- promotion of actions to build a cohesive corporate team;
- employee conduct with the aim of creating a positive image of the Company.

6. Environment protection:

6.1 The Company acknowledges the importance of its environmental protection activities to reduce the negative impact of production on the environment. Necessary measures are taken by the Company to protect the environment by means of striving to do business in compliance with Russian environmental protection legislation and other requirements of international laws and standards in the field of environmental protection.

6.2 In the course of its business activity, the Company plans and takes measures to decrease or maintain an acceptable level of environmental impact of production.

6.3 The Company takes necessary measures for the rational use of energy sources (electric power, water, natural gas etc.), metal waste and other production waste, as well as for decreasing risks of emergency situations and their negative impact on environment.

6.4 The Company maintains the practice of regularly training its employees in the field of ecological safety and acts in open cooperation with interested authorities and society in the field of environmental protection.

6.5 Environment Management System (EMS) is established and exists in the Company and is provided in form of R07510017-2 Guidelines to Environment Management System.

7.0 Relation to Company Property

7.1 The term “Company property” is defined in this Code as movable and immovable assets, including funds and securities, information, intellectual property items and rights of the Company, and other tangibles and intangibles.

7.2 Use of Company property for personal purposes is prohibited.

7.3 The Company property cannot be sold, assigned for temporary use, pledged, destroyed or disposed without proper consent from authorized persons of the Company.

7.4 Each employee of the Company is responsible for protection of Company property against theft or damage.

7.5 Company property is to be used in strict compliance with the rules of the Company, with such use being properly reported. Improper use of Company assets creates obstacles in performing the Company’s mission and strategy, and negatively affects the Company and its shareholders.

8.0 Inside information

8.1 Inside information is accurate and specific information which has neither been disclosed nor provided (including data, which is commercial, professional, banking secrets, secrecy of communication (as for information about money transfers by post) and other secrecy protected by law), the disclosure or provision of which may have a significant impact on prices of financial instruments, foreign currency and/or goods and belong to the information included in the list of inside information of the Company.

8.2 The list of inside information is approved by the order of the General Director of the Company.

8.3 The right of access to inside information may include only those individuals and legal entities which receive such a right on the basis of law, other normative legal instruments, job description or any other applicable internal document of the Company, as well as on the basis of the agreement with the Company on the order established in the Company (collectively referred to as the Insiders).

8.4 The Insiders undertake to ensure confidentiality and may use inside information on behalf of the Company only and in accordance to the Regulation on Inside Information Access, approved by the General Director of the Company, as well as to any other internal documents of the Company.

8.5 The Company, in turn, provides the necessary organizational and technical conditions for compliance of the Insiders with established confidentiality management.

9. Relationships with business partners and competitors

9.1 Employees are prohibited from representing the Company in business relations with entities in which such an employee has personal interest different from that of the Company. If such an employee either owns 25% or more of the voting shares of the entity or owns a participation share of 25% or more in its authorized capital or such an employee or his/her relatives participate in the governing body of the entity, they are deemed to have a personal interest.

9.2 Relatives of an employee are understood to be his/her parents (including custodians and adopters), spouses (including persons living together and running a joint household without registration of marriage in the manner prescribed by law), children (including adopted children), siblings as well as siblings, parents and children of his/her spouse, spouses of children, grandparents, grandchildren.

9.3 The employees are prohibited without written consent of the General Director of the Company from participation in authorized capital, as well as from working for or accepting positions in governing bodies of competing companies.

9.4 The employees of the Company shall report to the Corporate Ethics Commission, a Company body authorized to handle ethical issues (Section 13) and to Economic Security Department (P UEB-01 PSC VSMPO-AVISMA Anti-Corruption

Regulation) about their intention of personal participation or participation of their relatives in authorized capitals and (or) governing bodies of competitors of the Company, as well as about proposals of such participation.

9.5 The Company builds relationships with its business partners on the basis of responsible partnership.

9.6 The activities of the Company are aimed to maintain and support long term, stable, mutually beneficial relationships with customers (purchasers). The Company is continuously working on improvement of stability and reliability of supplies and pricing transparency.

9.7 The Company chooses its suppliers and contractors mainly on a competitive basis. The main principle in choosing suppliers and contractors is securing open and fair competition. The employees of the Company are not to have any hidden preferences or to create any preferences for individual suppliers or contractors. The main principles of the anti-corruption policy for procurement procedures are set forth in P UEB-01 PSC VSMPO-AVISMA Anti-Corruption Regulation.

9.8 The Company strives for cooperation with business partners which have impeccable reputation, comply with laws and expend all reasonable endeavors to promote the principles of this Code among their contractors. The contractors of the Company must demonstrate a full commitment to the Company's quality assurance policies and ensure the compliance with the requirements to the ISO 9001, AS9100 Management Systems. The contractors of the Company are encouraged to search for opportunities of continuous improvement. The Company calls for open mutual cooperation for the provision of continuous improvement of business processes.

10. Anti-Corruption Policy

10.1 Conflict of interests

10.1.1 Conflict of interests is a situation when personal interests (either direct or indirect) of an employee (representative) of the Company impacts or may have impact on proper performance of his/her job (employment) duties, and which gives rise or may give rise to the contradiction between personal interest of the employee (representative) and rights and legitimate interests of the Company, which may incur damage to rights and legitimate interests, property and/or business reputation of the Company.

10.1.2 Personal interest is the interest of an employee (representative) related to the opportunity for such employee (representative) in performing his/her job (employment) duties to receive income in the form of money, valuables, other property or property-related services, other property and non-property rights for him/herself or third parties.

10.1.3 The existence of conflict of interest constitutes a threat for rights and legitimate interests, property and/or business reputation of the Company in the perspective of employees and other persons (including shareholders, business partners, government, trade unions and other professional associations, securities market participants etc.).

10.1.4 The employees (representatives) of the Company shall avoid situations which cause the conflict of interests.

10.1.5 The employee (representative) of the Company shall report possible conflict of interests to his/her immediate supervisor and Economic Security Department. At that the notice of possible conflict of interests shall be completed in cases and pursuant to the procedure as provided in P UEB-01 PSC VSMPO-AVISMA Anti-Corruption Regulation.

10.2 Co-employment and subordination of relatives

10.2.1 The Company allows co-employment/subordination of relatives in the Company. In this case an official (immediate supervisor) shall:

- report this fact to his/her immediate supervisor and to Economic Security Department pursuant to P UEB-01 PSC VSMPO-AVISMA Anti-Corruption Regulation;
- not participate in decision making about employment, dismissal, assessment of work of the subordinate employee.

10.3 Gifts

10.3.1 The gifts which employees (representatives) on behalf of the Company or with regard to their work for the Company may offer to or receive from other persons and entities, as well as representation expenses which employees (representatives) may incur on behalf of the Company, shall comply with the criteria stipulated in P EUB-01 PSC VSMPO-AVISMA Anti-Corruption Regulation.

10.3.2 No gifts on behalf of the Company, its employees and representatives are permitted in form of cash or non-cash money, whatever currency and amount they could be.

10.4 Relations with government and society

10.4.1 The Company maintains a uniform charity policy, aimed at maintaining and enhancing its image as a socially responsible company. Sponsorship and charitable activities of the Company are aimed at the revival of spiritual and national values, support of culture, science and education, the promotion of advances in science and technology, and encouraging a healthy lifestyle.

10.4.2 The Company participates in only those sponsorship projects which are lawful both from legal and ethical point of view, and takes all necessary measures to document that donations were in no way made as a reward for or receipt of any unlawful advantages or benefits.

10.4.3 The Company complies with federal, state and local laws and interests of the population residing in the locations where the Company conducts its business, and in its relations with federal, state and municipal public and administrative authorities.

10.4.4 The Company maintains political neutrality and refrains from financing

political parties, organizations and movements with the purpose of receiving commercial advantages in specific projects.

10.4.5 The Company refrains from payment of any costs for governmental officials and their relatives (or to the benefit of them) with the purpose of receiving commercial advantages in specific projects of the Company, including travel, accommodation, meals and entertainment costs, PR-campaigns etc., or receiving by them any other benefit at the expense of the Company.

10.4.6 The Company maintains continuous relationship with media and builds it on principles of openness and transparency.

10.4.7 Only senior executives of the Company or persons authorized by them are permitted to make public representations in mass media and in events with mass media presence. The employees of the Company who do not have such authorities shall avoid any declarations or statements which may be construed as the official position of the Company. Disclosure of any information or documents to mass media by unauthorized persons is an infringement of corporate ethics.

10.5 Anti-corruption policy

10.5.1 The Code defines corruption as bribery, bribery mediation, abuse of office or official misconduct, corrupt payments, facilitation payments, illegal use of his/her position by an official for receiving benefit in form of money, valuables, other property, services, any rights for him/herself or other persons or illegal provision of benefit or rights to this official by other persons.

10.5.2 The Company has established and maintains atmosphere of intolerance to any corruption conduct.

10.5.3 The employees (representatives) of the Company comply with the requirements and restrictions established in accordance with applicable anti-corruption laws both in the Russian Federation and abroad.

10.5.4 The anti-corruption policy of the Company is set forth in P UEB-01 PSC VSMPO-AVISMA Anti-Corruption Regulation and is based on following principles:

- intolerance to corruption in any forms and practices in daily business and strategic projects, in particular in relations with representatives of government bodies, local government authorities, political parties, employees and any other third persons;
- mitigation of risks of business relations with third persons who may be involved in corruption activities or tolerant to corruption practices;
- promotion of ethical standard of intolerance to any forms and practices of corruption on all levels by management of the Company, providing a model of conduct to follow;
- priority of anti-corruption measures and moral principles of anti-corruption efforts, inadmissibility of privileges and immunities which would limit the responsibility or complicate bringing to responsibility the employees (representatives) of the Company who has committed the corruption offences.

11. Intellectual property

11.1 The Company actively encourages and supports innovation and technical progress. The rights for intellectual property items created by employees in the course of their work are owned by the Company. The procedure of protection and assurance of intellectual property rights of the Company is established in P 12-022-001 Regulation on protection and assurance of intellectual property rights of the Corporation.

12. Requirements to personal behavior of employees

12.1 In the course of their professional activities, the employees of the Company follow ethical principles and norms of business communication, including but not limited to the following:

- display responsible behavior at workplace;
- appreciate own work time and that of their colleagues;
- comply with the requirements stipulated in this Code;
- comply with ethical business norms (in communication via e-mail, phone calls, in business meetings etc.).

12.2 The employees of the Company refrain from:

- public statements which represent the activities of the Company or work for the Company as wrong and falsified. Any statements with regard to the Company are made by employees in accordance with strict procedure and/or by the persons appointed by these procedures;

- consumption of illegal drugs or any other psychotropic substances;
- consumption of alcohol at workplace, in the territory of the Company and in place of works performed by the Company, except of special events, but in any case abiding by business etiquette norms;
- smoking in areas that are not specially designated for smoking;
- aggressive, degrading or humiliating acts, actions, behavior;
- dissemination of offensive materials.

The employees shall refrain from actions that may have direct or indirect impact on public image and business reputation of the Company.

13. Implementation of the Code

13.1 The Corporate Ethics Commission is responsible for arrangement of measures for fulfillment or requirements and provisions of this Code (hereinafter referred to as the Commission).

13.2 The Commission consists of five members. The members of the Commission, its Chairman as well as its contact details (e-mail, hotline number) are determined by order of the General Director of the Company.

13.3 Employees shall ask their immediate supervisors and/or the Commission for explanations of provisions and application of the Code (including information about its infringement).

13.4 The Commission renders its resolutions in meetings held either in personal or by correspondence. The resolutions of the commission are rendered by a simple majority of votes of the Commission members participating in the meeting.

The resolutions of the Commission shall be executed in written form and specified in the minutes of the Commission's meetings.

13.5 If any Commission member has striking discrepancies which were not resolved in the course of rendering the resolution, this issue may be referred to General Director of the Company for final resolution.

13.6 The Commission renders its resolutions based on questions or requests for rulings referred to it with the purpose of providing:

- explanations to employees of provisions and application procedures of the Code;
- measures to prevent or eliminate conflict of interests. If it is not possible to eliminate the conflict of interest, the Commission takes measures for limitation of this conflict of interests and/or its consequences, in particular for assurance of interests of the Company in situation of such a conflict.

The employees may apply to the Commission via e-mail or hotline.

13.7 If any conflict of interests occurs, the employee shall report it to his/her immediate supervisor and/or Economic Security Department (clause 10.1.5), unless otherwise is expressly provided in this Code.

13.8 If the immediate supervisor fails to take measures for prevention or elimination of the conflict of interests or the applied measures did not result in elimination of the conflict of interests, the employee of the Company shall report the case to the Commission. The immediate supervisor may consult the Commission by him/herself, if he/she fails to take measures for elimination of the conflict of interests, or these measures are judged to be ineffective.

13.9 The Company ensures that information regarding potential infringements of the Code provided by an employee will neither be disclosed nor result in any negative consequences related to employment status of the employee who reported this information.

14. Responsibility

14.1 General Director on his own responsibility, at the suggestion of the Commission or immediate supervisor of the employee infringing this Code, makes the decision about respective sanctions to the infringing employee, such as public warning, public censure by means of publication in mass media of the Company (on the internal information portal, corporate media, info-boards of the Company etc.), awarding a reduced bonus or not awarding one, in accordance with internal bylaws of the Company. If any signs of disciplinary offence are present in acts (failure to act) of this employee

infringing the Code, the General Director will also take disciplinary measures pursuant to Labor Code of the Russian Federation.

14.2 Information about compliance with the Code by the employee will be taken into account as part of performance assessment and in consideration of career advancement possibilities.

15. Supervision and control of compliance with the Code

15.1 Compliance with this Code is an integral part of the corporate culture of the Company.

15.2 Supervision and control of compliance with the provisions of the Code by employees in structural units of the Company is performed by management of the respective units.

15.3 General supervision and control of compliance with the Code is performed by General Director of the Company.

Appendix A
(obligatory)

Obligation
to comply with Code of Corporate Conduct
of PSC VSMPO-AVISMA Corporation

I, the undersigned _____
(name)

(position)

as one of senior executive officers of PSC VSMPO-AVISMA Corporation undertake to comply with the requirements and restrictions set forth in Code of Corporate Conduct of PSC VSMPO –AVISMA Corporation.

I hereby confirm my willingness to bear full responsibility for any infringements of the Code of Corporate Conduct of PSC VSMPO –AVISMA Corporation committed by me.

_____ “ ” _____ 20 _____.
(signature)

(name)