

Code of ethics of Open Joint-Stock Company Pipe Metallurgical Company

1. GENERAL

This Code of Ethics (hereinafter referred to as the “Code”) of Open Joint-Stock Company Pipe Metallurgical Company (hereinafter referred to as the “Company”) was developed subject to the applicable legislation, Articles of Association and internal documents of the Company, usual business practice and generally recognised ethical standards.

This Code establishes rules (standards) of professional activities and ethics to be followed by employees of the Company irrespective of their titles, including Directors of the Board of Directors, members of the Management Board and Audit Commission (hereinafter jointly referred to as the “Company Employees”).

The purpose of this Code is to establish standards of conduct of the Company Employees and achieve an impeccable reputation of the Company.

2. FUNDAMENTAL ETHICAL PRINCIPLES

The Company Employees shall operate in good faith and follow the ethical principles set forth in this Code in their operations.

Legality.

The Company Employees shall inviolately and fully comply with requirements of the applicable legislation of the Russian Federation, Articles of Association and internal documents of the Company, including this Code and usual business practice.

Informational Openness.

The Company shall follow the policy of informational openness and transparency of operations for shareholders of the Company, the Company Employees and third parties. The Company shall use all available sources of information (Internet, printed matters, press conferences, TV and radio broadcasting) for free access of all interested persons to disclosed information about the Company.

Conflict of Interests.

“Conflict of interests” means a situation where personal interests of one or more Company Employees or their family members are in conflict with interests of the Company.

The Company Employees shall exert every effort to avoid situations, which lead or may lead to a direct or indirect conflict of interests. Such situations may arise in relations with business partners of the Company, representatives of governmental authorities, competitors and any other persons, with whom the Company interacts in the course of its operations (hereinafter referred to as the “third parties”). The Company Employees and their family members shall not have any self-interest in any third parties, with which the Company has any relations, and if any self-interest arises, they shall immediately notify the Company thereof. This rule shall apply to any expected benefit from third parties, including participation in the capital, direct or indirect self-interest in any transaction, to which the Company is a party.

In addition, no Company Employees may engage in any activities, which materially divert or prevent such employees from doing their duties in the Company.

The Company Employees shall notify their immediate supervisors (hereinafter referred to as the “Supervisors”) of any existing or potential conflicts of interests arising out of or in connection with material transactions and business relations.

Relations of the Company Employees with Their Colleagues and Third Parties.

Relations of the Company Employees with their colleagues and third parties shall be based on the principles of good faith, honesty, professionalism, mutual confidence and respect, inviolacy of obligations, complete disclosure of necessary information and priority of negotiations over legal proceedings.

In the course of their relations with colleagues and third parties, the Company Employees shall avoid any manipulation, hiding or garbling of information furnished, abuse of official position and any other dishonest methods of conducting business.

Relations between the Company and the Company Employees.

The Company shall build its relations with the Company Employees on the basis of long-term co-operation principles, mutual respect and rigorous performance of mutual covenants.

The Company shall not permit any discrimination of the Company Employees on political, religious, ethnic or other grounds in employment, remuneration or promotion.

The Company shall take steps towards protection of health, labour and security of the Company Employees.

The Company shall create all necessary conditions for professional growth and increasing of social welfare of the Company Employees.

Malversation.

The Company Employees shall not use their official position in their personal interests, including for receipt of any gifts, remuneration, services and other benefits for themselves or other persons in the course of the Company business, including both before and after negotiating of any transactions and agreements.

Multiple Employment.

To avoid any conflict of interests, the Company Employees shall notify their Supervisors of any positions held by them outside of the Company.

Notwithstanding anything contained in this article, the Company Employees may engage in any political, educational, charitable and social activities provided that such activities do not affect performance of their direct duties, contradict or prejudice interests of the Company.

Fighting Corruption.

The Company shall support measures of the world community with respect to fighting bribery and corruption.

Commissions and Payment for Services.

Amounts of payments for services of parties to any transaction shall be in line with the market amounts of remuneration for similar services.

Gifts, Entertainment and Hospitality Costs.

The Company shall regulate and determine costs of presentation or acceptance of gifts and entertainment for the purpose of ensuring that the costs of such events a) are not overestimated and the amount thereof is within reasonable limits; b) do not affect supplies or any other business operations.

Donations.

Any activities of the Company connected with charitable endowments and sponsorship shall be transparent and carried out only within the framework of the applicable legislation.

The Company shall apply its best efforts to ensure control over such charitable endowments and sponsorship lest such payments be latent bribes.

Money Laundering.

“Money laundering” means transfer of criminal money to the field of legal business intercourse. The Company shall apply its best efforts to prevent and fight against money laundering.

Financial and Economic Activities and Audit.

The Company shall conduct audits of financial and economic operations of the Company on a regular basis for the purpose of identifying any corrupted and non-objective information. Such audits shall be conducted by the Audit Commission of the Company, internal and external audits.

Protection and Use of the Company’s Property.

The Company Employees shall ensure safety and security of the Company’s property as well as due and bona fide use thereof.

The Company Employees shall apply their best efforts to prevent negligent, illegal or inefficient use of the Company’s resources.

Environment Protection.

The Company shall contribute to environment protection. The Company shall support efforts of Russian and international community in this field.

Compliance with this Code.

Each of the Company Employees shall comply with this Code and actively promote compliance of other Employees with this Code. In the event of any doubt with respect to correctness of their activities, the Company Employees shall consult their Supervisors.

The Company shall ensure compliance with these standards through its internal supervisory departments. Any violations reports shall be subject to immediate investigation and, if necessary, remedial measures shall be taken.

Final Provisions.

This Code of Ethics of the Company shall be approved by the Board of Directors of the Company.