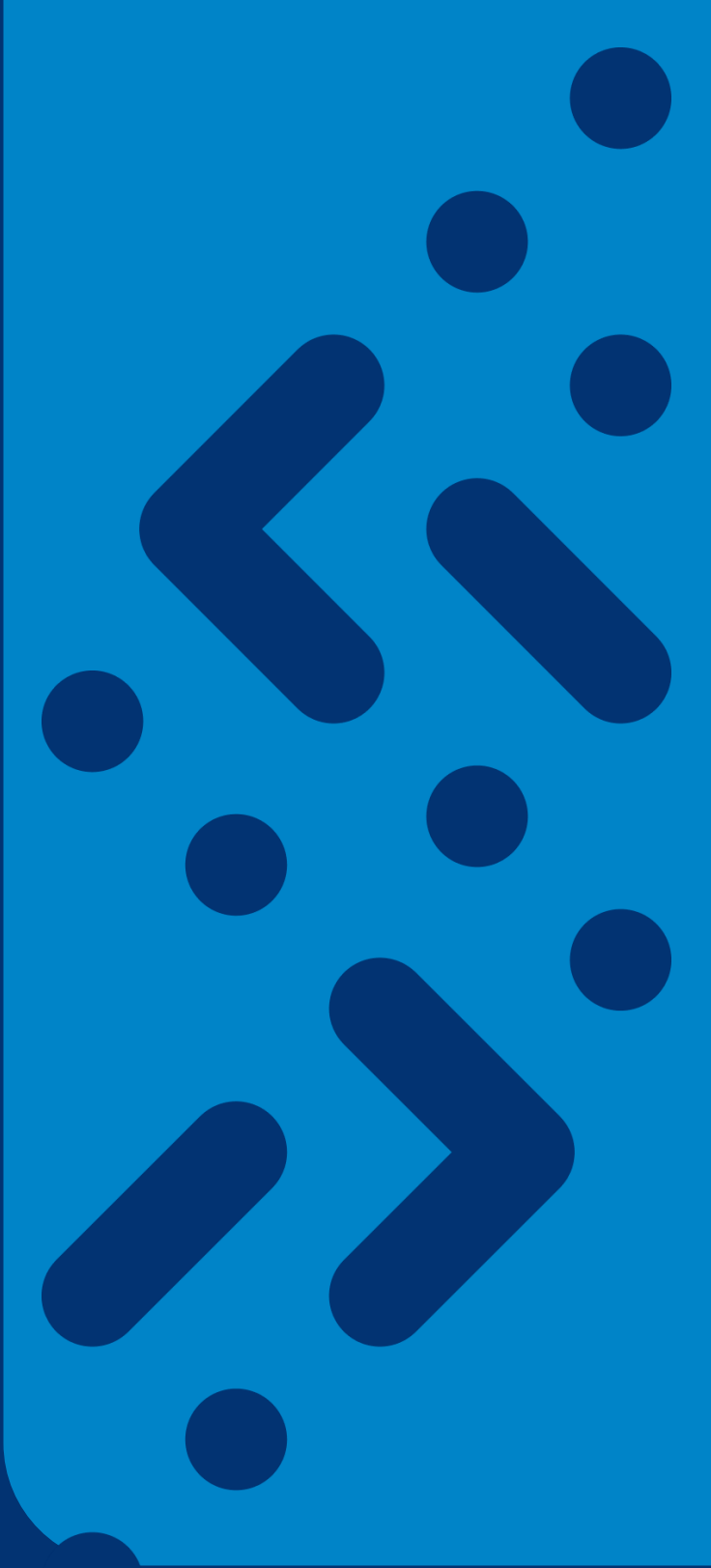




# Contractor Code of conduct



Accelerate a better future

# Contents

- [General provisions](#)
- [Compliance](#)
- [Human rights](#)
- [Environmental sustainability](#)
- [Marketing and trade](#)
- [Business integrity](#)



# General Provisions



The ITMS's Standards of Business Conduct (SoBC) express the high standards of honesty and integrity we are committed to upholding.

These Contractor Code of Conduct (Code) complements the SoBC by defining the minimum standards we expect our Contractors to adhere to.

## Definitions

**"Company", "Group", "we"** - ITMS Russia and its constituent legal entities: JSC "Trading company ITMS", JSC "International Tobacco Marketing Services" and JSC "I.T.M.S. "

**"SoBC"** – Group Standards of Business Conduct.

**"Code"** - this Contractor Code of Conduct, available at [www.itms.ru](http://www.itms.ru) under the section "Responsible Approach"

**"Contractor"** means any person who engages with the Company in a contractual or pre-contractual relationship, including suppliers of materials or services necessary for the direct manufacture of products, primary product manufacturers, consultants, contractors, subcontractors, agents, distributors, and non-profit organizations.

**"Employees"** means the Contractor's employees, including permanent and temporary employees who perform work for the Contractor on a full-time and part-time basis and persons who perform work for the Contractor on the basis of a civil law contract concluded with the Contractor.

## International Standards

This Code confirms the Company's ongoing commitments to comply with human rights and is based on international standards, including:

- Universal Declaration of Human Rights
- United Nations (UN) Guiding Principles on Business and Human Rights
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

## Legal priority

If this Code conflicts with applicable laws, then the laws take precedence.

## Scope and application

This Code applies to all Contractor to ITMS, as defined here.

The Contractor shall comply with the requirements of these Rules. This requirement shall be included in all contracts and agreements concluded with the Contractor when interacting with them.

In addition, Contractors should:

- take steps to ensure that all their Employees, Contractors, agents, subcontractors and other third parties understand and adhere to the requirements of this Code, including (where appropriate in terms of the type of Contractor and the nature of the contractual relationship) maintaining adequate policies, procedures, due diligence, training and support;
- Promote adherence to the requirements of this Code and conduct appropriate due diligence for their own new and existing Contractors.



## The way we work with Contractors

Our Contractors are valued business partners, and we believe that by working together we can raise standards, implement sustainable development practices, create shared values and build effective mutual benefits.

## Commitment to integrity

Our actions must always be lawful. However, having integrity goes further. It means our actions, behaviors and how we do business must be responsible, honest, sincere and trustworthy. We are committed to upholding our contractual obligations with Contractors and to treat them fairly.

Contractors must engage with the Company in a transparent and constructive manner and demonstrate a professional and inclusive attitude towards business relationships in fulfilling their obligations.

If a Contractor has a grievance or concern regarding the behavior of an ITMS employee, contrary to the Code, this should be reported to ITMS.

## Striving for best practice

While the Code sets out the minimum standards we expect our Contractors to meet, we encourage them to strive to adopt best practice and continuously improve their own operations.

To this end, we seek to prioritize Contractors that demonstrate best practice and strong performance against the Group's environmental, social and governance priorities.

## Supporting Contractors

We recognize the different circumstances of our Contractors worldwide and that some will face legitimate challenges in immediately meeting every facet of this Code.

As our ultimate goal is to drive the continuous improvement of our performance standards, we are committed to working with such Contractors over time to help them achieve adherence with the requirements of this Code.

By working together, allowing Contractors to benefit from our resources and experience, we aim to increase awareness and capacity, and help our Contractors improve and achieve best practice standards.



# Compliance

We are committed to monitoring compliance to the requirements of this Code, and ensuring any issues identified are investigated and remediated.



## Legal compliance

We expect our Contractors to comply with all applicable laws, codes and regulations, and to act in an ethical manner.

As such, Contractors must:

- Comply with all applicable laws, codes and regulations wherever they operate and however they may apply to them;
- Promptly notify the Group of any significant criminal or civil legal actions brought against them; and
- Promptly notify the Group of any fines or administrative sanctions brought against them which relate in any way to the requirements set out in this Code.

## Compliance monitoring

We reserve the right to verify new and existing Contractor's compliance with the requirements of this Code through internal and/or external assessment and audit mechanisms.

Contractors must provide all reasonable cooperation with any verification activity linked to this Code (whether carried out by the Group or by third parties engaged by the Group), including ensuring relevant documentation and data is held for as long as required by the Group and/ or relevant laws and the granting of independent access to relevant personnel, sites, documentation and data.

Such cooperation shall be discussed and agreed to by the Group and the Contractor, to ensure that it is performed within working hours and that reasonable notice is given in advance.

This is notwithstanding legitimate restrictions applicable to commercially sensitive and/or confidential information – in such cases (and where such information is believed to be of material relevance to verification activity), Contractors should work with the Group to try to identify mutually acceptable mechanisms for its safe and legitimate disclosure.

## Reporting concerns

Contractors shall assist the Company in identifying, investigating, addressing and preventing potential or actual violations of this Code.

As such, Contractors must:

- Have effective grievance or equivalent procedures in place to enable their Employees, in confidence and without fear of reprisal, to ask questions, raise concerns and/or report suspected or actual breaches – either to the Contractor itself or directly to the Group;
- Promptly investigate any credible concerns about suspected or actual breaches of the requirements of this Code and take appropriate action to avoid any potential breaches taking place, and/or minimize the impact of, and stop, any actual breaches; and
- Report any suspected or actual breaches of the requirements of this Code to the Group as soon as they become aware of them as explained under Speaking Up.

## Speaking Up

All actual and potential violations of these Rules may be reported by the Contractor (its Employees) to the relevant contact person of the Company or to [sobc\\_ru@itms.ru](mailto:sobc_ru@itms.ru).

The Company confirms that the applicant will not be penalized (either directly or indirectly) for reporting actual or potential violations through the above communication channels, even if the investigation of the violation does not confirm the information provided in the report.

The Company will not tolerate any form of harassment or reprisal against anyone who reports a violation or otherwise contributes to the investigation of any violation.



## Investigations

We take any concerns, allegations or reports of suspected or actual breaches of this Code and/or our SoBC seriously. Where appropriate, we will investigate such matters fairly and objectively in accordance with our internal policies and procedures.

In other cases, we may ask a Contractor to lead investigation of the matter in accordance with its own procedures.

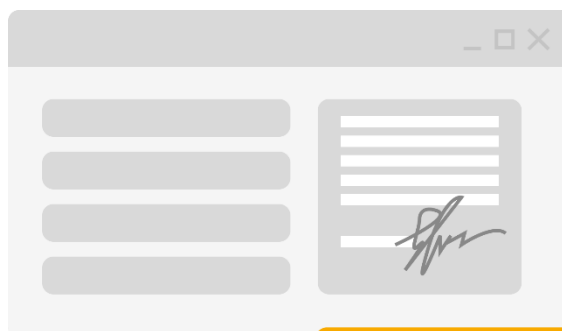
Where required by ITMS, the Contractor is expected to liaise with ITMS and keep us informed as to the scope, progress and outcomes of its investigation (subject to confidentiality or other applicable legal requirements).

## Consequences of a breach

In the event of noncompliance with any of the requirements of this Code, the Group reserves the right to require the Contractor in question to:

- Demonstrate material progress towards compliance with the requirement(s) in question within a defined and reasonable time period; and/or
- Bring itself into full compliance with the requirement(s) in question within a defined and reasonable time period.

In the event of serious, material and/or persistent non-compliance, or where a Contractor otherwise demonstrates inadequate commitment, persistent inaction or a lack of improvement, we reserve the right to terminate or suspend the business relationship with the Contractor in question.





# Human rights

We are committed to applying the UN Guiding Principles on Business and Human Rights and, by extension, respecting human rights in our own operations.

## Respecting human rights

We expect our Contractors, including their Employees and the employees of their Contractors, to respect the basic human rights enshrined in the Universal Declaration of Human Rights in the conduct of their business.

Contractors should seek to identify potential and actual adverse human rights impacts related to their activities and business relationships.

Contractors should take appropriate steps to ensure their operations do not contribute to human rights abuses and to remedy any adverse impacts directly caused, or contributed to, by their activities or business relationships.

For their own Employees, we expect Contractors to meet the following requirements.

## Equality and no discrimination

Contractors must provide equal opportunities to, and fair treatment of, all Employees.

This should include:

- Working to eliminate any form of harassment and bullying within the workplace, whether it is of a sexual, verbal, non-verbal or physical nature; and
- Treating all Employees with dignity and respect, promoting diversity and inclusion, and not practicing any form of unlawful discrimination.

Discrimination can include (but is not limited to) allowing race, ethnicity, color, gender, age, disability, sexual orientation, class, religion, politics, marital status, pregnancy status, union membership, or any other characteristic protected by law to influence our judgement when it comes to the recruitment, development, advancement or exit of any Employee.

## Protecting health and safety

Contractors must provide and maintain safe and healthy working conditions.

Specifically, this should include (but not be limited to):

- Adopting procedures to identify and address occupational health and safety hazards and associated risks, and implement safe working practices;
- Conducting fire risk assessment appropriate to the workplace or facility, and implement fire safety plan and appropriate fire prevention and emergency evacuation systems and procedures;
- Providing (where relevant) appropriate personal protective equipment to prevent occupational injuries or illnesses;
- Implementing (where relevant) appropriate control measures to ensure the safe handling, storage, transfer and disposal of substances hazardous to health or the environment, including flammable materials;
- Providing appropriate and regular training and communications so that Employees are aware of the health and safety risks and procedures relevant to their work; and
- Where accommodation is provided, ensure it is clean, safe and meets basic standards for acceptable living conditions and the needs of the Employees.

## Respect freedom of association

Contractors must ensure all Employees are able (subject to applicable laws) to exercise their right to freedom of association and collective bargaining.

This includes the right to be represented by recognized trade unions or other bona fide representatives. Such representatives should not be discriminated against and be able to carry out their activities in the workplace within the framework of law.



## Fair wages and benefits

Contractors must provide fair wages and benefits.

At a minimum, these must comply with applicable minimum wage legislation and other applicable laws or collective bargaining agreements.

## No child labour

The Company supports ILO Conventions Nos. 138 and 182, which set out the fundamental principles relating to the minimum age of employment and the elimination of the worst forms of child labor.

Thus, Contractors need to ensure compliance with the following requirements in terms of limiting the use of child labor in their interactions with the Group, in particular:

- any work which is considered hazardous or likely to harm the health, safety or morals of children should not be done by anyone under the age of 18
- the minimum age for work should not be below the legal age for finishing compulsory schooling and, in any case, not less than the age of 15

We expect our Contractors and business partners to align with our minimum age requirements, as set out in our Code. This includes, where local law permits, that children between the ages of 14 and 15 years may do light work, provided it does not hinder their education or vocational training, or include any activity which could be harmful to their health or development (for example, handling mechanical equipment or agrochemicals).

## No modern slavery or exploitation of labour

Contractors must ensure operations are free from modern slavery and exploitation of labour.

This includes slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or unlawful migrant labour.

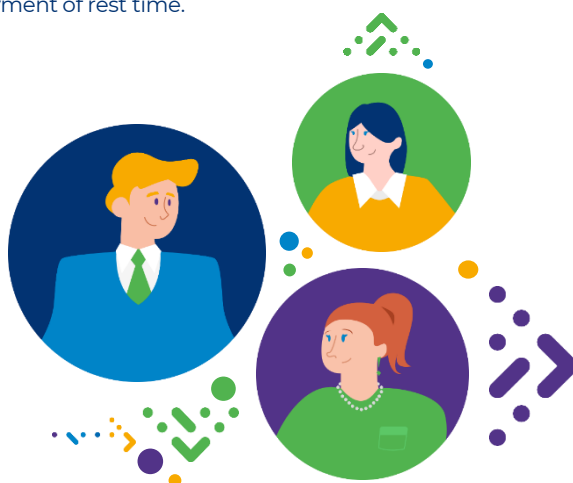
As such, Contractors and agents/labour brokers working on their behalf, should not require Employees to:

- Require Employees to pay recruitment fees, take out loans or pay unreasonable service charges or deposits as a condition of employment
- Withhold, or require Employees to surrender identity papers, passports or permits as a condition of employment

Where law or employment procedures require use of identity papers, we will use them strictly in accordance with the law. Identity papers should only ever be retained or stored for reasons of security or safekeeping and only with the informed, genuine and written consent of the Employee. The Employee should have unlimited access to retrieve them, at all times, without any constraints.

## Working hours and rest time

Contractors must comply with applicable laws on working hours and rest time, as well as other applicable laws or collective bargaining agreements, including all statutory requirements for maximum working hours, calculation and payment of rest time.







# Environmental sustainability

We are committed to pursuing best practice in environmental management and reducing the impacts of the Group on the natural environment both in our own operations.

## Environmental impacts

We expect Contractors to identify, understand and actively work towards avoiding, minimizing and mitigating their associated impacts on the natural environment.

Where practicable, this should include establishing an environmental policy and management system.

Environmental impacts can include (but are not limited to) impacts relating to emissions to air, water, land and forests, use of materials, natural resource consumption and waste management practices.

Where relevant, Contractors should also have consideration for protecting biodiversity, including the prevention of deforestation and fragmentation of habitats, and the protection of endangered and threatened species.

## Performance management

Where practicable, we expect Contractors to manage, monitor and maintain a record of their environmental performance.

Where relevant and practicable, this should include setting key performance indicators to measure progress against environmental plans or targets and to drive continuous improvement.

## Environmental considerations

We expect Contractors to integrate environmental considerations into their product design, operations and/or provision of services.

Where relevant, this should include contributing to a circular economy by using less virgin and finite materials and designing out waste to keep materials in use for longer.

## Cooperating with the Group

We expect Contractors to provide the Group (where requested) with available information relating to their environmental performance and with reasonable assistance as we seek to reduce the environmental impacts.



# Marketing and trade

We are committed to ensuring the responsible marketing and trade of Group products.



## Responsible marketing

We are committed to responsible marketing of all our products to adult consumers aged 18 or over.

Our marketing is governed by our International Marketing Principles available at [www.itms.ru](http://www.itms.ru).

As such, we expect our Contractors to comply with:

- Group International Marketing Principles as a minimum standard where they are stricter than local laws; or
- Local laws or other local marketing codes where they are stricter than, or override, Group marketing principles.

## Illicit trade

The fight against the illicit trade in our products is an important priority for the Group.

It is vital that our Contractors have no direct or indirect involvement in, or support for, illicit trade in our products.

As such, Contractors must:

- Not knowingly engage in or support unlawful trade in our products;
- Implement effective controls to prevent illicit trade, including:
  - measures to ensure consistency between supply to the market and legitimate demand;
  - procedures for investigating (where appropriate), suspending and terminating transactions with customers, Contractors and persons suspected of engaging in illicit trade;
- Collaborate with authorities in any official investigation of illicit trade, while ensuring this is done in a lawful manner and in line with our zero tolerance for any form of bribery and corruption, given the heightened bribery and corruption risks in dealings with public officials.

### Types of illicit products:

Counterfeit or fake - unauthorized copies of branded products made without the knowledge or permission of the trademark owner and not put into circulation in accordance with the applicable laws of the country of sale of the product, including those made using cheap, untested and untested materials.

Smuggled - products (either genuine or counterfeit) that are moved from one country to another without payment of taxes and (or) duties, or in violation of laws prohibiting their import or export.



# Business integrity

We are committed to high standards of business integrity in all that we do. Our ethical standards should never be compromised for the sake of business results.



## Conflicts of interest

The Contractors must to avoid conflicts of interest in their business relationships and to act with full transparency with respect to any circumstances in which a conflict arises or may arise.

As such, Contractors must (and must take steps to ensure their Employees):

- Avoid situations where their personal and/or commercial interests, or the interests of their officers or employees may, or may appear to, conflict with the interests of the Group;
- Disclose to the Group if any Group employee may have any interest of any kind in their business or any economic ties with them; and
- Inform the Group of any situation that is, or may be seen as, an actual or potential conflict of interest as soon as the conflict arises, and to disclose how it is being managed

These provisions are not intended to prevent Contractors dealing with Group competitors where it is legitimate and appropriate for them to do so.

## Bribery and corruption

It is inappropriate for Contractors (and their Employees and agents) to be involved or complicit in bribery and corruption.

As such, Contractors must never engage in any conduct which may constitute bribery including to:

- not pay, offer to pay or authorize the payment/receipt of any money or thing of value (including non-material items), directly or indirectly, to any person for the purpose of influencing the actions or decisions of any person in order to obtain any improper advantage in favor of the Contractor or the Group, including by circumventing applicable legal requirements, or for any other improper purpose;
- never request, agree to accept or receive any gift, payment, or other benefit from any person (directly or indirectly) that is intended to induce improper behavior, reward him or her, or influence the Group's decisions (or where it gives the appearance of such influence);
- never offer, promise or give any gift, payment or other thing of value to a public official for the purpose of influencing his or her actions as a public official for your own benefit or for the benefit of the Group;
- not to engage in conduct characterized by applicable law as bribery, commercial bribery, illegal remuneration, abuse of authority;
- exercise proportionate and effective control over the risks of bribery and corruption to ensure that no illegal payments are offered, made, demanded or received by third parties performing services for them or on their behalf, or on behalf of the Group.

## Gifts and Entertainment (G&E)

Occasional offering or acceptance of business-related G&E can be an acceptable business practice. However, improper or excessive G&E can be a form of bribery and corruption and cause serious harm to ITMS and our Contractors.



Contractors must not offer or accept G&E where to do so would constitute, or would be perceived as constituting, bribery or other corrupt activity. As such:

- Contractors are expected to comply with the Group's G&E policy principles as set out in the SoBC when doing business with Group companies and employees;
- the exchange of G&E is prohibited in any tender or competitive bidding process involving the Group;
- Contractors must not directly or indirectly attempt to influence a public official on behalf of the Group any G&E (or other personal advantage) to him or any other person, such as close relatives, friends or associates of the public official. Gifts to public officials with a value higher than that established by applicable law are prohibited.

### Sanctions and export controls

Contractors should be informed of all available and applicable sanctions regimes and restrictions in order to ensure stable interaction with the Group, avoid possible risks of violation by the Contractor or the Group of the sanctions regulations of various countries when interacting with foreign Contractors and ensure compliance with the requirements of the current legislation of the Russian Federation.

### Anti-money laundering and counter-terrorist financing

It is unacceptable for any Contractors (or their employees and agents) to be involved or implicated in money laundering or terrorist financing.

The Contractors undertake to comply with the applicable existing anti-money laundering and counter-terrorist financing legislation when carrying out their operations.

Contractors are obliged to apply effective assessment and control measures in order to detect, prevent, prevent (suppress) the involvement of the Contractor or the Group in money laundering and terrorist financing activities in any jurisdiction in which the Contractor operates.

### Business records and confidentiality

In order to conduct business with the Group, Contractors may need to access confidential and private records relating to our business.

As such, Contractors must:

- Ensure this information is protected and remains confidential;
- Not disclose confidential information without prior authorization from the Group; and
- Be mindful of the risk of unintentional disclosure of confidential information through discussions or use of documents in public places.

Contractors must also keep up-to-date business documentation (both financial and non-financial) in accordance with current applicable laws. Any documentation related to the Group's business should be kept only within the time limits established by applicable law and, if said business documentation contains confidential information transferred by the Group, within the time limits agreed with the Group.

### Personal data, data privacy and cybersecurity risks

We are committed to protecting the integrity and security of our systems and data (including personal data) throughout our operations.

Contractors are required to implement appropriate and compliant controls to protect the Group's data, including personal data and, where necessary, data required to access the Group's systems.

In addition to complying with applicable legislation on the protection of personal data, compliance with "cyber hygiene" rules is crucial to ensuring the security of said Group data. We therefore require our Contractors to comply with data protection and cybersecurity laws, regulatory guidelines and industry best practices (including data protection assessments, if required by law, and cyber threat assessments).



Cybersecurity threats and risks associated with how we manage data (including personal data) are constantly evolving. It is essential that our Contractors have appropriate technical measures, policies and processes in place to protect Group data and to ensure that any access to Group systems and the processing of all data is secure and controlled in accordance with documented procedures.

As such, Contractors must:

- apply the Contractor's approved policies and regulations on data processing and security, information security and cybersecurity, and update them regularly;
- continuously monitor compliance with the said regulations and policies, and ensure that the necessary measures are taken immediately to prevent data breaches and leaks;
- continuously assess the risk of data leakage within the organization and its possible impact on the security of the Group's data or information systems;
- promptly investigate possible violations of the above policies and regulations, and report to the Group all incidents or events that may affect the security of the Group's data or information systems;
- if required, take such remedial action as the Group may require.

### Fair competition and antitrust

The Company is an advocate of free competition under antitrust legislation.

As such, Contractors must compete fairly and honestly and comply with competition laws in the jurisdictions in which they operate.

### Tax evasion

The Contractors shall ensure compliance with applicable tax laws and shall ensure that tax and accounting records are maintained, prepared and submitted in accordance with applicable legal regulations.

Under no circumstances shall the Contractors engage in or facilitate willful illegal tax evasion for the benefit of others.

In this regard, Contractors shall implement effective control measures to minimize the risk of evading or facilitating tax evasion, as well as provide appropriate training, support and whistleblowing related to these activities.

