



**ООО PROSTROYTECH (PST)  
ANTITRUST AND FAIR COMPETITION POLICY**

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## 2 Scope

In addition to the guidelines stipulated in the PST Code of Ethics (“Code”), this Antitrust and Fair Competition Policy expands the description of the basic rules of conduct set out in the Code and details the rules of conduct in situations that can lead to violation of the competition law.

The PST Code of Ethics and this Antitrust and Fair Competition Policy must be adhered to by members of the Board, the CEO, other executive officers and all PST employees.

This Policy is based on the PST Code of Ethics used in parallel with the Policy.

### 3 General Information

#### 3.1 General Information

Adoption of the EU Antitrust Directive in mid-2004, primarily, entailed important system changes in application of the antitrust law. The prior declaration and immunity-granting system for competition-restricting contracts was replaced by a legal immunity system. This means that each particular company is now obliged to determine independently whether its actions conform to the antitrust laws.

Executives of business units must thoroughly analyze what standards of behavior, contractual relations and decisions are acceptable, dubious or prohibited subject to the antitrust law. In many situations, it is the market share that determines whether contractual relations constitute a prohibited cartel agreement or a permitted joint venture. However, taking into account the nature of competing products and services and geographical markets, it is often difficult to determine a market share, which, inter alia, is subject to fluctuations.

Hence, the purpose of this Policy is to describe and stipulate rules that would help PST avoid violation of the antitrust and competition laws and regulations and exclude in advance any dubious actions.

#### 3.2 Definitions

##### 3.2.1 Fair Competition

Fair competition means exclusion of any breaches. Violation of competition rules due to unlawful actions adversely affects all individuals/companies involved in the business activities. Prohibited contractual relations violating the competition rules have significant global implications for companies and their employees. The persons engaged may be subject to punishment in the form of prison confinement, heavy fines and other legal penalties; companies and individuals engaged in violation can also be subject to damage claims.

Respective reputational losses cause significant injuries to prosperity and image of any company.

The antitrust and competition laws and regulations place no restrictions as to joint ventures formed within groups of companies.

Since PST is engaged in global business, it is also subject to antitrust laws of other countries outside the EU.

### 3.2.2 Prohibition of Cartel Agreements

#### i. Horizontal Agreements

Horizontal agreements are usually prohibited by the EU antitrust laws and antitrust policies and procedures of many industrial companies.

Prohibition of cartel agreements also applies to agreements between companies, resolutions of associations and coordinated behavior having as its objective or implication the prevention, restriction or violation of competition.

Prohibition of cartel agreements irrevocably applies to (there are strict restrictions relating to) all agreements between competitors concerning prices, quotes, customers or regions.

The fundamental prohibition of cartel agreements also applies to agreements between competitors concerning other competition issues (e.g. dealing with suppliers/customers, application of technologies, etc.) Exception from this rule is possible if such agreements do not have tangible implications. According to the EU Commission, such exceptions are possible with respect to agreements between competitors if the aggregate market share in question owned by the both competitors does not exceed 10%, and the agreements do not contain any tight restrictions.

According to the Russian antitrust law, agreements between businesses can be deemed as not having tangible implications if the aggregate revenue of such business entities from the sale of goods during the recent calendar year does not exceed RUB400 000 000.

In any situation, any abuse of the dominant market position is also prohibited. For the purposes of the antitrust law, a position is deemed dominant if company's activities are subject to insignificant or "zero" regulatory control from its actual or potential competitors. In terms of the antitrust law, even a 30% market share or dependence of small businesses from a large company can play a significant role.

Particularly, sometimes companies try to protect themselves from the severity and volatility of the functional competition-affected market by entering into competition-restricting agreements. As a result, the customers have to pay more and innovations are impeded.

That is why the prohibition against agreements and coordinated actions of competitors having as their objective or implication the prevention or restriction of competition was imposed (in terms of "horizontal" relations, i.e. interaction between companies which are at the same level of the supply chain).

Accordingly, the agreements that are deemed to restrict competition and therefore are prohibited include, without limitation, agreements between competitors concerning the following issues:

- Prices (including setting minimum prices, individual price components and increasing prices)
- Joint access to markets (allocation of customers, regions or products)
- Limiting the scope (e.g. volume of output)
- Limiting investments (e.g. a decision not to build new production facilities)
- Coordinated price quotations in bidding

The term “agreement” is used by the antitrust law in a very wide context and is not limited by a specific form or existence of legal relations. It is enough that interested parties have entered into an express or implied agreement concerning steps that they plan to take or not to take.

The prohibition encompasses not only agreements, but also coordinated actions. The prohibition can also apply on the basis of unilateral statements (e.g. on increasing prices in order to cause competitors to take similar steps).

## ii. Vertical Agreements

In terms of the antitrust law, not only agreements between competitors of the same market level (horizontal agreements) are deemed unlawful, but also agreements concerning relations between the company and its suppliers, subcontractors or customers (vertical agreements). For example, these can involve exclusive supply or partnership agreements.

Exclusive status is allowed if it is connected with the main purpose of the contract that does not limit the competition and is necessary to achieve this purpose. The exclusive status should not fall beyond the necessary regional, technical and time limits.

The vertical agreements and coordinated actions (i.e. between companies that are at different levels in the supply chain, e.g. between suppliers and distributors) are also prohibited if they have as their objective or implication the prevention or restriction of competition.

Accordingly, in many situations, prohibited are agreements aiming to

- Control distributor prices on the part of suppliers
- Limit the territories or categories of customers to which a distributor can sell products obtained from particular suppliers
- Maintain long-term exclusive relationships between distributors and suppliers

Lawfulness of such agreements depends, particularly, on their duration, range of activities of the parties thereto and their market position. To be concluded, such agreements require express prior approval of a competent antitrust authority.

### 3.2.3 Cartel Agreement Prohibition Exceptions

In certain circumstances, prohibition of cartel agreements does not apply, despite significant restriction of competition. The exceptions are applicable to agreements between companies, decisions of company associations and coordinated actions in view of the objectives set forth below:

- ✓ agreements that, subject to proper participation of interested parties in profit allocation:
  - способствуют оптимизации производства или дистрибуции продукции или
  - содействуют технологическому или экономическому прогрессу,
  - не налагают на участвующие компании ограничений, в которых нет необходимости для достижения таких целей, и
  - не создают механизмы, которые устраняют конкуренцию в отношении значительной части затронутой продукции.

### 3.2.4. Additional Exceptions to Prohibition of Cartel Agreements

Prohibition of agreements which does not contribute to development of competition is not applicable to joint ventures of companies if such joint ventures enhance competitiveness, particularly, where only joint ventures can compete or win competition, or where companies need to join forces in order to counteract a dominant market position at lower or higher levels in the supply chain. As examples, purchasing or selling cooperatives could be mentioned.

In this context, according to the new antitrust law, independent internal control is especially important. This means that companies must independently assess whether their actions have significant implications for competition and whether conditions under which exceptions can be invoked are met. No express consent of antitrust authorities is needed.

Another important antitrust law decision-making factor is the market share. It is the market share that ultimately determines whether an agreement is groundless and competition-restricting. Such criteria as “significance” and “abuse of dominant market position” require special attention.

Determination of a share market is critical in terms of the antitrust law and, thus, it should be made very carefully and thoroughly.

In the light of the antitrust law, determination of a market share is subject to physical and technical limits.

As to the technical market, it should be assessed whether products compete in price, quality and/or designated use. Interchangeability is the main criterion here. The physically significant market is the area where the evaluated company competes with other companies and where the competitive environment is homogenous, while the extent to which there is a difference from related fields is significant.

#### 4 Требования и постановления, оговоренные компанией ПСТ/применимые к ней

PST is irrevocably committed to competing in good faith, both horizontally and vertically, in the area of sales management. PST expects that all responsible units and particular employees will irrevocably adhere to all applicable competition and antitrust regulations, including the prohibition of unethical trade practices and trade barriers (as well as regulatory conditions of competition)

All PST employees must follow applicable competition decrees, whether they are issued by supranational, national or local competent authorities. They are also prohibited from participating in activities impeding development of competition.

The business practice of PST in its relations with suppliers, customers and competitors is regulated by competition decrees. Despite different competition decrees applicable or that can be applicable in different countries, as a general rule, they contain at least the following actions, scenarios and practices. PST excludes such actions and participation in them. All PST employees are obliged to avoid and terminate such practice, when doing their work in the Company.

##### 4.1 Prohibited Agreements on Prices/Conditions

PST will not enter into agreements with one or more competitors to perform coordinated actions or otherwise affect prices, and agreements providing for anti-competitive conditions of cooperation or sale, whether such agreements are written or oral, express or implied, and regardless of the nature of such coordinated actions (e.g. gentlemen's agreement).

PST fixes prices without regard to competitors' prices based only on its own estimated profits, operating and financial expenses. Any price agreements with competitors regarding market prices on products are only acceptable in exceptional circumstances (see Clause "Cartel Agreement Prohibition Exceptions"). This general prohibition also applies to individual price components, including discounts, retracements, associated expenses, minimum prices and price adjustment term. Agreements with competitors that in the future particular products will not be offered at prices lower than the minimum price are also prohibited.

Agreements with competitors on sale of product lines within a certain price/quality range jointly determined by the parties are also problematical in terms of the antitrust law.

Notes to Sub-Section 2 of Section III of the EU Antitrust Directive must be taken into consideration.

##### 4.2 Allocation of Markets/Customers

PST will not enter into agreements with any competitor participating in allocation of markets, product segments and/or customers, particularly within the framework of projects and joint agreements aimed to refuse servicing/acquire customers of competitors, whether such agreements are written or oral, express or implied, and regardless of the nature of such coordinated actions (e.g. gentlemen's agreement).

Such conditions also arise, for example, when we agree with competitors that PST will service only customers in a certain area with annual demand for particular products exceeding a certain level. With that, we will provide the competitor with an opportunity to supply products to customers with lower annual demand for such products. According to the antitrust law, such agreements are also prohibited.

Notes to Sub-Section 2 of Section III of the EU Antitrust Directive must be taken into consideration.

#### 4.3 Agreements on Quotations

PST will not enter into agreements with competitors on refusal to bid, on indication of certain prices or price conditions that are knowingly less appealing than those of competitors. Neither will PST participate in any way possible in bidding having opposite effect. This is regardless of whether such agreements are written or oral, express or implied, and regardless of the nature of such coordinated actions (e.g. gentlemen's agreement).

#### 4.4 Participation in Activities of Trade Associations

Production and dissemination of competition-affecting information is also prohibited at industry and trade association meetings.

PST avoids and/or excludes situations involving transfer of competition-affecting information (e.g. data relating to existing or future prices, gross profits or expenses, quotations, market share, sales management practices, sales conditions, production plans) directly from or to competitors, particularly at specialized sectoral and other events and in connection with activities of trade associations.

At the same time, it is permitted that competitors hold meetings and discussions and share data without violation of antitrust laws and regulations. However, no statistical or market data may be provided leading to market transparency and enabling competitors to coordinate their business activities. The so-called market information ID systems enabling identification of participating companies are dubious in terms of the antitrust laws.

If an association meeting involves discussion of information concerning competitive practices or conclusion of prohibited agreements, there is a risk that all those who attended the meeting would be found guilty of violating the antitrust laws. To avoid this, PST expects that its employees participating in the meeting immediately protest against such actions, and such protest will be recorded in the minutes of the meeting. If PST employees keep silent and listen to such discussion without active participation, it would not be enough.

Each PST employee is obliged to use his/her influence to ensure that these basic principles of behavior are not violated while he/she is involved in activities of trade associations. If a Company employee who is a member of an association becomes aware of any such violation during the meeting, he/she shall draw the attention of the participants to the fact that such actions are not acceptable and, if necessary, leave the meeting.

With respect to any agreements with competitors, customers and/or suppliers, the conditions of which may jeopardize competition (e.g. those providing for exclusive status of relationship, price regulation, tie-in sales, territorial restrictions, price differentiation, non-competition or sharing data relating to competitive practices, technical or social aspects), each PST employee shall seek the consent/approval of the Chief Compliance Officer prior to the final establishment of contractual relations, to ensure compliance with the competition laws.

#### 4.5 Основные правила поведения

The following are summarized basic rules of conduct to be always followed by you as PST employees.

You must **NOT**:

- Discuss with competitors prices, market shares and capacity, investments, strategies, bidding procedures or similar issues, nor enter into any agreements associated with such issues.
- Before having finally established contractual relations of any kind with business partners, especially with customers fixing bonus/discount/rebate procedures, make sure that you have obtained approval for such agreement from the PST Legal Department. The same procedure is applicable to any contemplated unilateral offer/promise (e.g. e-mail confirmations) connected with bonuses, discounts and/or any other sale price concession).
- Enter into any agreements with customers affecting their sale prices, marketing shares or categories of customers to be serviced or that could create long-term exclusive relationships, without prior express consent of the PST Chief Compliance Officer (CCO).
- On markets where PST can be a dominant supplier, commit any actions that could be interpreted by antitrust authorities as misconduct (e.g. with respect to pricing structure, long-term exclusive relationship or refusal to supply products) without making sure in advance with the PST Chief Compliance Officer that such actions are acceptable.
- Use in written documents any misleading wording that could be misinterpreted by third parties as evidence of unlawful or competition-impeding conduct.
- In case of any antitrust inspection, destruct any significant documents, nor answer any questions of investigating officers acting in an inappropriate or complicated way.

You **must**:

- Inform the PST Chief Compliance Officer (CCO), even though the latter could, in your opinion, have been informed earlier, on circumstances concerning each corporate transaction of the company (merger, acquisition, creation of joint venture) with direct or indirect participation of a PST competitor.
- Limit your contacts with competitors to the absolute minimum necessary and consult the PST CCO prior to each contact with an important competitor to agree restrictions on the sharing of information, as required by antitrust regulations.
- Immediately forward any message from an antitrust authority to the PST CCO, respond to such messages only by prior agreement with the PST CCO.
- Immediately notify the PST CCO about any audit conducted by antitrust authorities and ask the investigating officials to wait until the legal counsel arrives.

**In all doubtful situations, immediately consult representatives of the Legal Department.**

## 5 Responsibility and Monitoring

The top management, executive officers and managers are responsible for compliance with this Policy within their own areas of responsibility. To control the compliance with this Policy, top managers will conduct general and, if necessary, special-purpose audits. However, these measures do not absolve PST officers and employees of their duties imposed by this Policy.

## 6 Penal Sanctions/Consequences of Violation

Violations of this Policy, including participation in their concealment, may also be subject to penalties in accordance with the labor law. A caution may be issued, while a material breach may entail termination of employment without prior notice and/or claiming for damages.

As a general rule, such violations are punished with a caution. PST expects that all its managers and employees will report any breach and adopt a positive attitude towards any information providers, including in situations where information providers are also engaged in a violation.

For the reporting purposes, there are official communication channels to contact the Legal Department (particularly, e-mail [info@prostroytech.ru](mailto:info@prostroytech.ru)).

## 7 Audit/Monitoring

Implementation and performance of this Policy and compliance with the standards set out herein will be controlled on a regular basis by conducting audits. If necessary, special-purpose inspections can also be requested and conducted, especially when there is a particular justified reason for it.

Moscow, 2021