

New edition
APPROVED:
by the Board of Directors
of Public Joint Stock Company "Severstal"
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**Anticorruption Policy
of PAO Severstal
and related legal entities**

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1. Introduction

PAO Severstal and its related legal entities, the financial accounts of which are used to form the consolidated IFRS financial statements of PAO Severstal (hereinafter collectively referred to as the "Company", individually referred to as the "Entity"), employees of PAO Severstal and members of the Board of Directors of PAO Severstal (hereinafter – the "Board of Directors") are committed to conduct their business in accordance with generally recognised ethical standards and accept no bribery or other forms of corruption.

In 2013, PAO Severstal joined the Anti-Corruption Charter of the Russian Business, confirming the Company's commitment to ethical standards of legitimate, fair and transparent business, improving corporate culture and adherence to the best corporate governance practices.

This Policy is a directly applicable binding document that forms a part of the comprehensive anti-corruption program which is implemented by the Company.

The objectives of this Policy are:

- to ensure the compliance of the Company's business with the current anti-corruption legislation;
- to mitigate the risks of corruption and establish an effective mechanism for combating corruption;
- to create among shareholders, investors, contractors, members of the governing bodies, employees of the Company, state authorities and local self-government bodies an anti-corruption corporate attitude and a shared understanding of the Company's position regarding non-acceptance of any form of corruption.

This Policy defines the areas of regulation and establishes anti-corruption requirements and principles in the Company, as well as general approaches to the activities of the governing bodies, divisions and employees to prevent and suppress corruption offences in the Company's operations.

In the event that any provision of the Policy contradicts the applicable legislation, only the parts of this Policy that do not contradict the applicable legislation shall apply.

The Company takes all necessary measures to comply with the Russian Federal Anti-Corruption Law, other laws and regulations and international agreements of the Russian Federation, and also aims to comply, as applicable, with the UK Bribery Act, as well as with other anti-corruption laws and regulations applicable in the countries where the Company operates.

In addition to this Policy, other local regulations are developed, approved and implemented in the Company in order to combat corruption and to comply with the applicable laws and best corporate governance practices, including:

- Employee Code of Conduct of the Severstal Group of Companies;
- Code of Business Conduct of the Severstal Group of Companies ;
- Policy on gifts and business hospitality;
- The Company's standard "Anti-Corruption Management System. Anti-Corruption Guidelines".

2. Terms and definitions

Bribery is the transfer of money, securities, other property, provision of monetised services, provision of other property rights to a public official in order to benefit, personally or through an intermediary, when such actions contradict the norms of the applicable law. The provisions of this Policy regarding bribery shall also apply to commercial bribery.

Public official - for the purpose of this Policy, public official means Russian or foreign state or municipal officials elected or appointed to a legislative, executive, administrative or judicial body; individuals holding or seeking a public or municipal office position and individuals substituting or seeking to substitute a public or municipal office position; any person exercising a public function as a representative of the state, including on behalf of a state or municipal authority, institution or organisation; a person performing organisational or administrative functions in state bodies, state non-budgetary fund bodies, local self-government bodies, in the Armed Forces, other military forces and military formations in the Russian Federation or in a foreign country, as well as in public international organisations; politicians, representatives of political parties, including candidates for political office; deputies and elected officials in state and local government bodies; employees acting in positions in state corporations, public companies, foundations and other organisations established by the Russian Federation on the basis of the federal laws or established to carry out tasks assigned to the federal state bodies, in accordance with the procedure specified by the laws and regulations of the Russian Federation.

Abuse of position means the use of position by a person performing management functions in a commercial or other organisation against the legitimate interests of that organisation and for the purpose of deriving benefits and advantages for himself/herself or other individuals or causing harm to other individuals, if such deed has caused substantial harm to the rights and legitimate interests of people or organisations or to the legally protected interests of society or the state.

Commercial bribery means illegal transfer of money, securities, other property, illegal provision of monetised services or illegal granting of other property rights to a person who performs management functions in a commercial or other organisation for actions (omissions to act) in the best interests of the bribe giver in connection with the official position held by that person, whether done personally or through an intermediary.

Conflict of interest is a situation in which a personal interest (direct or indirect) of an employee of the Company or a member of the Board of Directors affects or may affect the proper, fair and impartial performance of their duties (exercising of their authorities) in the Company.

Corruption means abuse of official position, giving or receiving a bribe, abuse of position, commercial bribery or any other illegal use by an individual of his/her official position in order to receive money, valuables, other property or monetised services or other property rights for himself/herself or for third parties, or illegal provision of such benefits to a specified individual by other individuals.

Personal interest is the opportunity to receive income, any benefits or advantages directly by an employee or by a member of the Board of Directors, or by his or her related persons.

Facilitation payments are payments and fees to any Russian or foreign officials, public authorities or legal entities to expedite or simplify compulsory procedures or actions.

Gifts mean any gratuitous or partially gratuitous provision of tangibles or intangibles, including money, securities and other property, benefits and monetised services (works), tickets to cultural and entertainment events, payment for recreation, transport expenses, discounts/discount cards, gift cards received or given in connection with employment in the Company.

Acceptance of a bribe means that a public official personally or through an intermediary receives a bribe in the form of money, securities, other property or in the form of illegally provided monetised services or other property rights for actions (omissions to act) for the benefit of the bribe giver or individuals represented by the bribe giver, if such actions (omissions to act) are within the official authorities of the public official or if the public official due to his/her position can facilitate such actions (omissions to act), as well as for general aiding and connivance in the course of duty.

Promotional gifts include any souvenirs up to 20,000 roubles which are purchased to promote the Company's brand as part of advertising, marketing or other special public events, including exhibitions, industry conventions and corporate celebrations.

3. Key principles

The Company adheres to the following key anti-corruption principles:

Legitimacy

The Company's anti-corruption measures and local anti-corruption regulations comply with the applicable laws.

Non-acceptance of corruption in any form or instance

The Company openly declares its rejection of bribery and any other forms of corruption and requires that its employees, members of the governing bodies, contractors comply with the key principles and requirements of this Policy.

Personal leadership example (tone at the top)

The Company's management, regardless of level, including members of the governing bodies, pays special attention to the necessity of strict compliance with this Policy, performing professional and/or corporate duties in a fair and reasonable manner in accordance with the applicable law, best corporate governance practices and high professional and ethical standards. The Company's management sets an example by fostering a corporate culture of rejection of all forms and instances of corruption and provides overall management of the Company's internal anti-corruption system.

Risk assessment and regular monitoring

Corruption risk assessments are carried out annually by the Risk Management and Internal Control Department on the basis of this Policy and the Corruption Risk Assessment Procedure which is applied by the Company.

The Company regularly monitors effectiveness of the implemented anti-corruption standards and procedures, as well as follows up implementation of the above standards and procedures, and conducts activities to identify and assess corruption risks.

Informing and training

All new employees of the Company must be informed of the requirements of this Policy as soon as possible, but no later than 30 days after they join the Company.

The Company's employees must regularly receive anti-corruption training. The training frequency and/or program is determined depending on the employee's job duties and set out in the Company's internal regulations.

Consequences of non-compliance with the Policy and unavailability of punishment for corruption offences

Non-compliance with the requirements of this Policy may have the following consequences:

For the Company:

- considerable impairment of the Company's business reputation, including a negative attitude on the part of regulatory authorities and mass media;
- inability to enforce contracts concluded as a result of illegal actions;
- application of criminal, civil or administrative penalties in accordance with legislation applicable in the countries where the Company operates.

For the Company's employees:

- disciplinary actions;
- application of criminal, civil or administrative penalties in accordance with the legislation applicable in the countries where the Company operates.

The Company's employees are aware of the consequences of non-compliance with this Policy, as well as the inevitability of punishment for employees if they commit corruption offences, regardless of their position, years of service or other conditions.

Transparency of business and the Company's cooperation with law enforcement authorities to prevent corruption

The Company informs its shareholders, investors, employees, contractors, as well as state and local authorities about the anti-corruption business standards adopted by the Company, in particular, by publishing this Policy and the relevant sections hereof in the Annual Report and in the Sustainability Report and in the Audit and Assurance Policy issued by the Company's Audit Committee all of which are available on the Company's website severstal.com, and by providing necessary information upon request.

The Company cooperates with law enforcement authorities to prevent, suppress and investigate corruption offences.

Reports of violations of the Policy

Reports and complaints regarding breaches of this Policy may be sent to the Company via the communication channels which are provided by the Company and which ensure confidentiality:

- via the Company's hotline:
 - confidential phone line: 8 800 700 72 77
 - WhatsApp: +7 921 700 72 77
 - e-mail: vopros@severstal.com
 - corporate portal, section "Ask a question"
 - SMS 1223 (the message must begin with the word "question")

- to the Company's Ethics Committee:
 - e-mail: komitet@severstal.com,
 - postal address for sending complaints: 127299, Moscow, ul. Klary Tsetkin, 2, PAO Severstal, to the Ethics Committee

- to the Company's Business Security Service:
 - e-mail: security@severstal.com

The Company ensures that all reports and complaints of violations of this Policy are investigated in an independent and comprehensive manner.

The Company neither applies nor encourages any form of pressure, harassment, influence (including through disciplinary action) and prohibits its employees from applying any form of pressure, harassment, influence (including through disciplinary action) in relation to the Company's employees and other individuals who in good faith have reported that a violation of this Policy has occurred, assisted in investigations, refused to participate in activities contradicting the principles or requirements of this Policy.

4. Regulation areas

Bribery

Members of the Board of Directors, employees of the Company and any legal entity or person acting on behalf and/or in the interests of the Company are strictly prohibited to demand, receive, offer, promise, give or act as an intermediary in giving or receiving a bribe or to take any other action/inaction that directly or indirectly relates to, or may be associated with, or regarded as taking or giving a bribe. Offering and accepting bribes is prohibited by law. A member of the Board of Directors or an employee of the Company must refuse an offer to accept or pay a bribe if he or she receives such offer. An employee shall promptly report to his or her supervisor and to the Business Security Service all such instances and any facts that such employee may be aware of regarding the acceptance or payment of a bribe by the other Board members or Company employees. His or her supervisor shall in turn report the incident to the Ethics Committee as soon as possible.

If a member of the Board of Directors or an employee of the Company is threatened, extorted or coerced into giving or receiving a bribe, or into being an intermediary in the offering or accepting of a bribe, such employee shall report this incident to his or her supervisor and to the Business Security Service without delay. His or her supervisor shall in turn report the incident to the Ethics Committee as soon as possible.

If following the consideration of the incident by the Ethics Committee it is established that the incident may be qualified as bribery or another form of corruption, the Ethics Committee shall notify thereof the Head of the Internal Audit Department, and the latter shall in turn report the issue to the Board of Directors through the Audit Committee of the Board of Directors.

Facilitation payments

Facilitation payments that are not permitted by the applicable law and that are offered to expedite or simplify the execution of a routine procedure (action) to which the Company is legally, contractually or otherwise entitled (for example, granting of permits) are prohibited.

Financing of political parties

Any monetary or other form of funding of a political party or financial support of a candidate for political office on behalf of the Company is not permitted.

Gifts and business hospitality

Gifts and business hospitality are useful in establishing and developing trusting relationships, which are essential for effective communication with business partners. The Company encourages an atmosphere of honesty and transparency regarding gifts and business hospitality expenses.

However, the Company considers this area to be vulnerable in terms of risks of involvement in corrupt practices.

Giving and receiving business gifts and business hospitality items on behalf and/or for the benefit of the Company and its employees, organising business events and participating in them, are possible if they:

- are not prohibited by law and comply with this Policy and other Company regulations;
- are intended solely for business purposes;
- do not imply any reciprocal obligations on the part of the recipient, are not considered to be a reward (including a hidden one) for the services rendered or any activities of the recipient, and are not intended to exert inappropriate influence on the recipient;
- do not influence the objectivity of business judgements and decisions;
- comply with the requirements prescribed by the Company's and the contractor's/business partner's internal regulations;
- do not create a reputation risk or other risk to the Company, employees or others;
- are reasonable, relevant and appropriate to a specific occasion/event.

Giving and receiving gifts in the form of money, cash and non-cash, in any currency, securities, digital financial assets, digital currencies is prohibited.

Gifts may not be given to officials, except for customary gifts, the value of which does not exceed the amount stipulated by the laws of the Russian Federation or the country of the Company's presence.

The Company's employees are encouraged to give promotional gifts approved by the Corporate Social Responsibility and Brand Department.

If a Company employee has any doubts about the appropriateness or ethicality of his or her actions, he or she shall inform thereof and consult his or her supervisor.

Requirements regarding gifts and business hospitality expenses are set out in the Gifts and Business Hospitality Policy and other internal regulations of the Company.

Sponsorship and charitable donations

The Company is committed to a strategy of sustainable development involving the stable growth of the economic, social, environmental and other performance indicators. As part of this strategy, the Company provides sponsorship and charitable support to various organisations and institutions.

When implementing sponsorship and charitable programmes, the Company and its employees should take all reasonable steps to provide reasonable assurance that the provided support will not be used for corrupt purposes (including benefiting the Company's business in an unlawful way).

All organisations, sole proprietors and individuals, public authorities and local bodies, as well as other entities to which the Company plans to provide sponsorship or charitable support, must

undergo an assessment procedure. Relations with the stated individuals shall be formalised in accordance with the legal requirements and corporate standards for counterpart relationship management.

Information on all of the Company's sponsorship and charitable programmes should be reflected in the application software "Gift, Sponsorship and Charity Programs Recording".

Conflict of interest

The Company recognises and respects the right of its employees and members of the Board of Directors to privacy, creativity freedom and the freedom to use their abilities for entrepreneurial and other economic activities that are not prohibited by law in their free time.

However, the Company cannot afford to have a situation when personal interest (direct or indirect) of an employee or a member of the Board of Directors influences or might influence proper, fair and impartial performance of his/her duties (exercise of his/her authorities).

Employees and members of the Board of Directors are obliged to:

- avoid (as far as possible) situations and circumstances that may cause a conflict of interest;
- make decisions within the scope of their job duties (authorities) based solely on the legitimate interests of the Company;
- disclose information vested interest, that potentially may cause a conflict of interest. about a conflict of interest or the possibility of a conflict of interest as soon as he/she becomes aware of it in accordance with the internal regulations of the Company.

Conflicts of interest shall be resolved in accordance with the procedure specified by the Company's internal regulations.

Employment of public officials

The Company may employ former and(or) current public officials¹ or engage them to perform works/services under civil law contracts, unless prohibited by law. However, in doing so, the Company shall carry out an assessment procedure to confirm that there is no conflict of interest and to mitigate the risks of corruption and any other abuse of position.

If the assessment identifies a potential conflict of interest, this information should be reported to the line manager of the individual to be hired or of the current employee, or to the Ethics Committee. The line manager shall report this information to the Ethics Committee as soon as possible.

Interaction with third parties

For the purposes of this Policy, "third parties" means legal entities or individuals and sole proprietors who:

- provide services to, or act on behalf or for the benefit of the Company;
- are not a part of the Company and are not employees of the Entities.

Third parties are, among others, consultants, intermediaries and distributors.

The basic principles of working with third parties are set out in the Code of Business Conduct of the Severstal Group of Companies. In accordance with this Code, the Company expects its

partners to prevent incidents of corruption both on their part and on the part of the Company's employees.

In order to minimise risks of corruption, third parties that the Company does or plans to do business with must undergo an assessment procedure. The assessment procedure includes a check to identify "higher risk factors". Such check may be carried out in various ways, including reviewing publicly available information and materials, requesting and obtaining a document from the third party confirming or refuting the relevant facts, and in other ways that are not contrary to the applicable law.

In some cases, at the discretion of the Head of Service/ Responsible Functional Director after consultation with the Legal Department and Business Security Service, it is permitted to use an anti-corruption clause in a contract with a third party instead of conducting assessment procedures.

If "higher risk factors" have been identified, the functional director of the Entity who initiated the third party check shall take a decision regarding the possibility of doing business with such third party after consultation with the Business Security Service.

The standard forms of contracts used by the Entity shall include provisions stating the parties' obligations regarding corruption prevention ("anti-corruption clause"). The Entity, if offered to sign a third-party's contract form, shall make every effort to include an anti-corruption clause in such contract form.

Exclusion of an anti-corruption clause from the contract shall be approved by the Head of Service/ Responsible Functional Director in each case after consultation with the Legal Department. It is also required to report about the exclusion of an anti-corruption clause from the contract to the Business Security Service if there is a corruption risk associated with the relevant contract or third party.

Share acquisitions, joint ventures, mergers and acquisitions

Transactions involving acquisition of shares, setting up of joint ventures, mergers and acquisitions may involve corruption risks. In order to mitigate such risks, appropriate assessment procedures shall be performed for such transactions. The assessment procedures to be performed depending on the specifics of a transaction are set out in Appendix 1.

¹ Definition of the term "Public official" is given in Section 2 "Terms and definitions".

5. Monitoring compliance with the provisions of the Policy

Each Entity shall adopt appropriate control procedures to mitigate risks of corruption. In addition, the department conducting such control procedures shall ensure that evidence of the control procedures, including the results of the performed third party assessments, gift registers and evidence of approval of gifts, is properly stored for a minimum of five years. The storage procedure and responsible department shall be determined by the internal regulations of the Entities.

The Entity shall ensure that all transactions subject to the provisions of this Policy are recorded correctly in the business accounting records, tax and management accounting records.

The Entity shall have in place a system of financial control over payments and other financial transactions that may have a potentially corrupt nature.

In carrying out internal audits, the Internal Audit Department, the Risk Management and Internal Control Department shall monitor compliance with the requirements of this Policy. The results of such monitoring shall be reported to the Board of Directors on a regular basis, but no less than once a year.

Employees of the Company shall report any instances of bribery and other forms of corruption known to them, as well as other violations of this Policy, to their line manager or to the Ethics Committee. If there is any doubt as to whether a particular case constitutes a violation of this Policy or other anti-corruption regulations, a Company employee should consult with his/her line manager.

If following the consideration of the incident by the Ethics Committee it is established that the incident may be qualified as bribery or another form of corruption, the Ethics Committee shall notify thereof the Head of the Internal Audit Department, and the latter shall in turn report the issue to the Board of Directors through the Audit Committee at the Board of Directors.

6. Executives and entities of the Company

The Board of Directors of the Company is responsible for the implementation of this Policy and the overall monitoring of compliance with its requirements.

The Head of each Entity shall be responsible for informing the Entity's employees of the provisions of this Policy in a timely manner.

The Risk Management and Internal Control Department shall be responsible for the organisation and operation of the Company's anti-corruption system, including:

- coordination of actions between the departments involved in the functioning of the anti-corruption management system;
- overseeing the development and implementation by the Entity of the Anti-Bribery Management System procedures;
- providing regular training and advice to management and employees on the organisation and operation of the Anti-Bribery Management System;
- ensuring compliance of the Anti-Bribery Management System with the requirements of ISO 37001 "Anti-Bribery Management Systems";

- preparing reports on the performance of the Anti-Bribery Management System to the Board of Directors and senior management of the Company.

Appendix 1. Verification procedures required for share acquisition transactions, joint venture transactions, mergers and acquisitions transactions

Anticipated share in the charter capital of the company to be acquired/ joint venture/ company to merge with after the transaction	Additional assessment procedures	Development of a plan for implementing a programme to combat bribery and other forms of corruption in the company to be acquired/ joint venture/ company to merge with
Less than or equal to 50%	<p>Required only in the following cases:</p> <ul style="list-style-type: none"> • the Company's employees are expected to hold senior positions in the organisation; • the organisation is expected to interact with public officials on behalf of the Company; or • other higher risk factors have been identified. 	<p>Not required.</p> <p>The organisation that has control over the company to be acquired/ joint venture shall be informed of the provisions of this Policy and the anti-corruption procedures applied by the Company.</p> <p>Every possible effort should also be made to ensure that the organisation adopts an anti-corruption programme, including the development and adoption of appropriate policies and procedures.</p>
More than 50%	Required.	<p>Required.</p> <p>It is also necessary to ensure that the organisation will operate in accordance with the provisions of this Policy, other internal anti-corruption regulations of the Company and, as applicable, other anti-corruption regulations of the countries where the Company operates.</p>