

AO Severstal Management

The Standard has been  
approved and put into force by  
Order of the Director General

No. П-ОД-700-00-20-13 dd.  
May 21, 2020

**COMPANY STANDARD**  
**ANTI-BRIBERY MANAGEMENT SYSTEM.**  
**ANTI-BRIBERY GUIDE**

Moscow

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## Section 1. Scope

1.1 This Standard describes anti-bribery management system and applies to the company

### **SEVERSTAL PUBLIC JOINT-STOCK COMPANY**

**Mira Street, 30, the city of Cherepovets, 162608, the Vologda Region, Russia**

1.2 Provisions developed for this Guide comply with the requirements of ISO 37001 for “Anti-Bribery Management System”.

1.3 Requirements and provisions established by this Anti-Bribery Guide and related Anti-Bribery Management System (ABMS) documents are intended for ensuring the compliance of the company’s activities with legal requirements, internal regulations of the company, legal obligations, consumer’s demands, as well as preventing any inconsistency within ABMS stages.

1.3 Anti-Bribery Guide includes sections that correspond to ISO 37001 structure. Sections are divided into subsections that characterize main processes and elements of the Anti- Bribery System.

1.4 This Standard has been developed subject to the Federal Anti- Bribery Law.

1.5 This Standard is brought into force by Order of the Director General of AO Severstal Management.

## Section 2. Regulatory References

This Standard contains references to the following documents:

[ISO 37001:2016 “Anti-Bribery Management Systems. Requirements with Guidelines”;](#)

[CTO 00186217-CMK-8.2-35-2017 “Risk-Based Thinking. Risk Management”;](#)

[CTO “Procurement Activities Management” \(approved by Order No. П-ОД-700-00-19-36 dd. 09/06/2019\);](#)

Methodology for Checking Counterparties for Signs of Bribery Risks (approved by Order ОПД/7000-15-000010 dd. 10/27/2015);

[Federal Anti-Bribery Law No. 273-ФЗ-2008;](#)

UK Bribery Act (UKBA) 2010;

U.S. Foreign Corrupt Practices Act (FCPA) 1977;

Regulations on Disclosure of Information by Issuers of Equity Securities (approved on 12/30/2014, No. 454-П);

[Risk Management and Internal Control Policy](#) (approved by the Board of Directors of PAO Severstal on 10/17/2019);

[Complex Psychophysiological Examination Policy in PAO Severstal and related Legal Entities;](#)

[Anti-Bribery Policy of PAO Severstal and related Legal Entities](#) (approved by the Board of Directors of PAO Severstal on 02/04/2019);

[Business Associates Code of Severstal](#) (approved by the Board of Directors of PAO Severstal on 04/19/2017);

[Employee Behavior Standard of Severstal Group Companies \(approved by the Board of Directors of PAO Severstal on 04/19/2017\);](#)

[“Anti-Bribery Measures” Order No. ОПД-П/7000-17-196 dd. 10/02/2017;](#)

[“Change in Value of Registrable Gifts” Order No. Б-ОД-702-00-19-000011 dd. 03/04/2019;](#)

[Rules and Procedures of Ethics Committee \(approved by the Board of Directors of PAO Severstal on](#)

[04/19/2017](#));

[Information Security Policy \(approved by the Director General of AO Severstal Management, 2015\)](#));

[Password Protection Policy for Enterprise Information System of OAO Severstal \(approved by the Director General of OAO Severstal on 07/08/2014\)](#));

Account Management Regulation in SAP Information Systems, 2011.

Note

When using references, it is advisable to check the validity of reference standards in the public information system – on the official website of the Federal Agency on Technical Regulation and Metrology using annually published signage “National Standards”, as well as in catalogues available on the corporate portal.

## Section 3. Terms, Definitions and Abbreviations

3.1 In this Standard, with respect to ISO 37001, the following terms are used:

**audit** is a systematic, independent and documented process for obtaining audit evidence and evaluating latter objectively in order to determine the extent to which the agreed audit criteria have been met;

**corruption** is an abuse of office, giving bribe, taking bribe, abuse of authority, corrupt payments or other individual’s illegal use of his/her official position contrary to legal interest of society and the state in order to obtain benefits in the form of money, valuables, other property or pecuniary services, other property rights for himself/herself or for any third parties, or illegal provision of such benefits to the abovementioned individual or other individuals. Corruption is also performance of the said acts on behalf or in the interests of a legal entity;

**bribery** is an offering, promise, giving, receiving or extortion of an illegal advantage of any value (whether financial or non-financial), directly or indirectly, regardless of location(s), in violation of applicable law as a reward for any person acting or refraining from actions in relation to the performance of his/her official duties;

**corrupt payment** is an illegal transfer of money, securities, other property to a person performing managerial functions in a commercial or other company, provision of pecuniary services to him/her, provision of other property rights for acts (acts of omission) in the interests of the giver in connection with the official position held by the mentioned person;

**executive management** is a person or a group of people that direct and control the company’s activities at the highest level. In PAO Severstal (hereinafter the “Company”) this function is performed by the Director General of the managing company AO Severstal Management;

**concerned party** is an individual or a legal entity that can influence the performance of activities or decision-making, be influenced by latter or perceive itself as latter;

**governing body** is the governing body that bears primary responsibility for the company’s activities, management and policy. In PAO Severstal this function is performed by the Board of Directors;

**person (or unit) responsible for compliance with anti-bribery provisions** is a person (or persons) with responsibilities or authority to operate the anti-bribery management system. In PAO Severstal this function is performed by Risk Management and Internal Control Department of AO Severstal Management;

**goal** is the result to be achieved;

**risk** is the impact of uncertainty on goals;

**competence** is an ability to apply knowledge and experience to achieve intended results;

**documented information** is the information that must be controlled and managed by the company, as well as the medium containing such information;

**process** is a set of interrelated or interacting activities that transform inputs into outputs;

**monitoring** is a determination of status of a system, process or activity;

**compliance** is a fulfillment of the requirement;

**continuous improvement** is recurring activities to improve performance;

**employee** is an individual who has entered into employment relations with an employer;

**business partner** is an external party with which the company already has or plans to establish some form of business relationship;

**officer** is a person holding office in legislative, administrative or judicial system as a result of appointment, election or promotion, or any person performing public activities, including work in a public authority or enterprise, or any official or representative of a public national or international enterprise, or any candidate for a position in a government agency;

**third party** is an individual or body that is independent of the company;

**conflict of interest** is a situation where business, financial, family, political or personal interests may interfere with decisions of individuals performing their contractual duties;

**company** is a person or group of persons with their own functions and responsibilities, powers and connections to perform their tasks;

**requirement** is a need that is formulated and must be fulfilled;

**management system** a set of interrelated or interacting elements of a company for the development of policies and establishment of goals and processes to achieve such goals;

**due diligence** is the process of further assessing the character and degree of bribery risk and helping companies to make decisions concerning specific transactions, projects, activities, business partners and employees.

3.2 The following abbreviations are used in this Standard:

PAO – Public Joint-Stock Company;

ABMS – Anti-Bribery Management System;

CTO – Company Standard;

BSS – Business Support Service of AO Severstal Management;

RM&IC – Risk Management and Internal Control Department of AO Severstal management;

IAD – Internal Audit Department of AO Severstal Management;

SSC – OOO Shared Services Center;

II – Inventory Items;

IS – Information System;

SAP – Information Resource Management System of the company;

IFRS – International Financial Reporting Standards.

## Section 4. Organizational Context

### 4.1 About the Company and its Environment

4.1.1 PAO Severstal is one of the largest manufacturers of rolled products and supplies its products to leading Russian and global companies operating in fuel and energy sector, motor-vehicle construction, engineering industry, and construction.

PAO Severstal was founded on 09/24/1993, it is the legal successor of Cherepovets Steel Mill (formerly Cherepovets Metallurgical Plant) that began to produce metallurgical products (cast-iron) in 1955.

PAO Severstal includes the following:

- coke- and agglomeration and blast-furnace processes;
- steelmaking;

- flat products production;
- shape and bar production;
- rolled tubular products production.

The main task of PAO Severstal is to ensure the release of products that meet requirements and expectations of consumers.

4.1.2 The sole executive body of the Company is the Director General. From January 01, 2015 the powers of the Company's sole executive body (Director General) were transferred to the management company AO Severstal Management. All issues related to management of the current activities of the Company are included into the management company's competence, except for issues referred to the competence of the General Shareholders Meeting and the Board of Directors.

4.1.3 Continuous improvement of technological process, introduction of advanced production methods, reconstruction and modernization of production have allowed PAO Severstal to obtain strong position in the markets of Russia, Europe, the CIS, the Middle East, Asia, etc.

4.1.4 There is a problem of global overproduction in the industry that affects the utilization of steelmaking capacities increasing competition in the world market and provoking protectionism. Therefore, the Company adheres to a cautious capital investment policy, maintains previously adopted cost-saving and increasing customers' satisfaction course.

4.1.5 PAO Severstal is a vertically integrated metallurgical and mining company with main assets in Russia. The Company has raw materials from own assets of the Resource division (coking coal and iron ore) located near the Severstal's metallurgical plants. This model naturally protects the Company from seasonal fluctuations in commodity prices and helps maintain very high margins in the industry. The Company has the lowest cost of steel production in the world. The Company's primary focus is the supply of steel to the Russian domestic market and, at the same time, the export of significant product volumes. Metallurgical plants of the Company are well-located in terms of proximity to the main regions of steel consumption in Russia and to export markets. This allows the Company to reroute products between domestic and foreign markets focusing on market dynamics, and benefit from price premiums due to fluctuations in exchange rates. The Company produces a wide range of steel products and is constantly developing new product types with high added value that meet requirements of new generation infrastructure projects

4.1.6 PAO Severstal builds long-term cooperation with clients and works toward continuous improvement of product quality, delivery performance and service quality. In the course of its activities, the Company interacts with a number of business partners:

- suppliers and contractors;
- buyers and distributors;
- agents;
- partners with whom it creates joint ventures;
- state and local organizations;
- non-profit agencies, public associations, etc.

Key buyers of PAO Severstal in the domestic market are construction companies, pipe mills, machinery manufacturing plants and energy providers, as well as manufacturers of motor vehicles. The Company's assortment contains a wide range of products of various types.

4.1.7 In the course of its business, PAO Severstal is in constant dialogue with state and municipal organizations. Interaction with government officials is varied. This includes obtaining permits, licensing, interaction with supervisory, customs and tax authorities, local authorities, etc.

4.1.8 The Company is governed by laws of the Russian Federation and other countries, any applicable regulations, as well as internal standards, including "Anti-Bribery Policy of PAO Severstal and Related Legal Entities" (hereinafter the "Policy"), "Business Associates Code of Severstal Group Companies", "Employee Behavior Standard of Severstal Group Companies", etc.

## 4.2 Needs and Expectations of Concerned Parties

4.2.1 PAO Severstal sees its responsibility in being a reliable partner for concerned parties.

Concerned parties that are consistent with the Anti-Bribery Management System are:

- shareholders and investors;
- suppliers and contractors;
- buyers and distributors;
- government bodies.

4.2.2 Projects with key and prospective clients, equipment reliability management, streaming projects and energy efficiency are priority areas for the Company.

4.2.3 The Company has a strong focus on the local market with clear growth potential and favorable pricing environment established by the following factors:

- construction market is supported by infrastructure projects and growing residential housing sector;
- growing demand of motor and equipment manufacturers against the ongoing localization of foreign automobile companies, state program for railway transport park and farm equipment renewal;
- growing demand for tubular goods for oil-and-gas pipelines construction.

4.2.4 The procurement policy of PAO Severstal is categorical procurement management, which allows forming a systematic approach that contributes to increasing the benefits obtained in the course of procurement of materials, raw materials, equipment and services, while maintaining/improving the overall level of product, service and technologies quality.

4.2.5 The Company interacts with concerned parties in Russia at the federal, regional and local levels. As a global player in the world steel market, the Company takes part in international dialogue on the industry development.

## 4.3 Scope of Anti-Bribery Management System

4.3.1 The scope and limits of the Anti-bribery Management System are determined by the "Policy" that establishes requirements for anti-bribery standards of the company and regulates activities of management bodies and employees of the Company.

4.3.2 The "Policy" is applied to PAO Severstal and related legal entities whose reporting is used to prepare consolidated financial statements according to IFRS, including AO Severstal Management pursuant to provisions of the Agreement on delegation of authority of the Company's executive body and management of the Company dd. 01/01/2015.

## 4.4 Anti-Bribery Management System

4.4.1 PAO Severstal uses a comprehensive Anti-Bribery Program developed in accordance with the RF legislation, the UK Anti-Bribery Act, as well as other anti-corruption and anti-bribery legislation in force in countries where the Company conducts business.

4.4.2 The comprehensive Anti-Bribery Program regulates the following issues:

- employees behavior;
- principles of relationship with business partners;
- prohibition on transfer and receipt of bribes and corrupt payments;
- financing of political parties;
- gifts and representation expenses;
- sponsorship and charity;
- hiring officials;



- interaction with third parties;
- acquisition of shares in the company, joint ventures, mergers and acquisitions.

## 4.5 Corruption Risk Assessment

4.5.1 Risk Management and Internal Control Department performs work on identifying and assessing corruption risks, for that it identifies critical points of every business process, collects and processes risk data, as well as generates consolidated risk reports.

4.5.2 Principal risks of the Company are considered in PAO Severstal's annual report which meets requirements established by the Regulation on Disclosure of Information by Issuers of Equity Securities approved by FFMS Order No. 11-46/пз-н. In addition, RM&IC informs the Board of Directors of key risks of the Company twice a year. The report also includes information on corruption risks.

4.5.3 PAO Severstal's requirements for risk management are set in the Risk management and Internal Control Policy and [CTO 00186217-CMK-8.2-35-2017 "Risk-Based Thinking. Risk Management"](#).

4.5.4 Risk identification and assessment is performed on the basis of Corruption Risk Assessment Procedure (Attachment B) that establishes criteria for assessing the level of corruption risks, risk classification against the Company's activities and types of operations in the context of business processes.

## Section 5. Management

### 5.1 Management and Liabilities

5.1.1 The Company's Board of Directors is responsible for implementation of the "Policy" and monitoring compliance with its requirements.

5.1.2 The Company's management initiates periodic corruption risk assessment, at least once every two years. The Head of RM&IC informs the Director General and the Audit Committee of the Board of Directors of results of such assessment and identified risks on a regular basis.

5.1.3 The Director General has a leading role in relation to the Anti-Bribery Management System, including:

- demonstrates commitment to the principle of rejection of corruption and bribery in all forms and manifestations (zero tolerance principle);
- ensures creation and implementation of the Anti-Bribery Management System (ABMS);
- ensures integration of ABMS's requirements into the company's processes;
- provides necessary and sufficient resources for ABMS.

### 5.2 Anti-Bribery Policy

5.2.1 Creation of the "Policy" was initiated by the Executive Management of the Company. The Policy is documented and approved by the Board of Directors.

5.2.2 The Company is committed to comply with the [Federal Anti-Bribery Law No. 273-ФЗ-2008](#), the UK Bribery Act, as well as other anti-corruption and anti-bribery legislation in force in countries where the Company conducts business.

5.2.3 The "Policy" is constantly analyzed for suitability based on changes in legislation, and internal situation related to corruption violations, and it is revised in order to keep it up to date.

5.2.4 Information on each update of the "Policy" is communicated to employees via e-mail sent to the entire company. The resent version of the "[Policy](#)" for the Company's employees is available on the corporate portal. The "Policy" is available on the official website of the Company in [Russian](#) and [English](#) for business partners and interested persons.

## **5.3 Functional Duties, Responsibility and Authorities of the Company**

### 5.3.1 Functional duties and responsibility.

5.3.1.1 The Company's Board of Directors is responsible for implementation of the Policy and monitoring compliance with its requirements.

5.3.1.2 The Director General is responsible for implementation of actions specified in clause 5.1.3 of this Standard.

5.3.1.3 The Director General, by his order, appoints RM&IC as a department responsible for operation of the Anti-Bribery Management System in accordance with the requirements of ISO 37001 (see clause 5.3.2 of this Standard).

5.3.1.4 All employees and members of the Board of Directors of the Company are responsible for understanding, agreeing to and applying the requirements of the Anti-Bribery Management System.

### 5.3.2 Compliance Division, its authorities and responsibilities.

5.3.2.1 RM&IC is responsible for operation and maintenance of the Anti-Bribery Management System.

5.3.2.2 RM&IC is directly responsible for:

- risk identification and assessment;
- updating the "Policy";
- control over compliance with the "Policy";
- anti-bribery training;
- registration of gifts and charitable programs.

5.3.2.3 RM&IC coordinates activities of other departments in terms of:

- informing all newly hired employees of provisions of the "Policy";
- assessing third parties for the presence of high risk factors;
- assessing former and current officials to evaluate conflict of interest.

5.3.2.4 The Head of RM&IC informs the Director General and the Audit Committee of the Board of Directors of key risks of the Company, including corruption risks, on a regular basis.

## **Section 6. Planning**

### **6.1 Actions to Address Risks and Opportunities**

6.1.1 When planning actions within the ABMS, the Company considers circumstances described in clause 4.1 of this Standard, requirements of concerned parties, discussed in clause 4.2 of this Standard, and risks that are identified in accordance with clause 4.5 of this Standard, in order to:

- ensure that the Anti-Bribery Management System achieves its goals;
- monitor the effectiveness of the Anti-Bribery Management System;
- ensure continual improvement.

6.1.2 Actions within the ABMS are built into the core business processes of the Company and are performed by a number of departments specified in clause 7.1 of this Standard.

### **6.2 Anti-Bribery Goals and Planning to Achieve Such Goals**

6.2.1 Key goals of the ABMS built into the "Policy":

- ensuring the compliance of the Company's business with the current anti-bribery legislation;

- reduction of corruption risks.

6.2.2 Complex Anti-Bribery Program aimed at continuous internal improvements in the Company supports the implementation of key goals.

6.2.3 A complete list of anti-bribery goals is documented in Attachment A. These goals serve as metrics for periodic (once a year) monitoring of their achievement, tracking their adequacy and relevance, as well as assessing the correctness of decisions taken to expend and develop the Anti-Corruption Management System.

## **Section 7. Support**

### **7.1 Resources**

7.1.1 The Company has provided necessary resources for effective operation of the Anti-Bribery Management System. Its structure includes employees of the following departments responsible for individual ABMS elements:

1.1.1 Risk Management and Internal Control Department is responsible for operation of the ABMS (see clause 5.3.2.2 of this Standard).

1.1.2 Business Support Service, at the request of authorized persons and in accordance with regulatory documents, performs inspections of current and potential counterparties of the Company (see clause 8.2 of this Standard).

1.1.3 Treasury Department is responsible for control of payments and other financial operations, as well as for the use of corporate bank cards (see clause 8.3 of this Standard).

1.1.4 Human Resources Department is responsible for hiring employees with appropriate competencies, training and development (see clause 7.2, 7.3 of this Standard), and for handling employees' complaints regarding attempts, suspicions and facts of bribery.

1.1.5 IAD performs inspection of compliance with provisions of the legislation and internal anti-bribery policies of the Company.

### **7.2 Competence**

#### 7.2.1 General terms

##### 7.2.1.1 Requirements for employees' competence:

- knowledge of anti-bribery legislation;
- knowledge of mechanisms (methods) of anti-bribery activities;
- annual internal training on the "Policy";
- training in accordance with ISO 37001 "Anti-Bribery Management System".

7.2.1.2 Heads of structural divisions and Human Resources Department that interacts with all structural divisions of PAO Severstal are responsible for training and advanced training of employees in PAO Severstal.

#### 7.2.2 Hiring process

7.2.2.1 When employed in the Company, all employees, against signature, are familiarized with the "Employees' Conduct Standard", the "Policy", position description, internal policies and procedures and other mandatory documents.

##### 7.2.2.2 Specific positions require psychophysiological testing (PPT).

Within PPT candidates are tested by the following factors: affiliation with criminal structures, compromising grounds of dismissal from previous jobs, affiliation with counterparties or competitors, etc.

## 7.3 Knowledge and Training

7.3.1 PAO Severstal has developed an online course "", which is intended for managers, specialists and clerks and is conducted once a year. The training course is updated from time to time in response to changes in external and internal environment.

The course includes mandatory confirmation of the employee's readiness to strictly comply with requirements of the "Policy" (electronic mark, if not filled in, the course is considered invalid).

7.3.2 Within the course, along with familiarization with the "Policy", the following practical cases are considered: bribery occurrence circumstances, bribery identification and possible actions in response to extortion and bribe offerings. In addition, there is information on consequences of non-compliance with the Policy's requirements, both for the Company and for individual employees.

The course also contains information on how and to whom an employee can report attempts, suspicions and facts of bribery.

7.3.3 The Company provided employees with an opportunity to receive prompt advice from course experts, RM&IC employees. Experts' contact information is available on the corporate website of the Company.

7.3.4 Each employee is informed of the requirement to complete the course upon hiring. In addition, a notice on periodic completion of the course is sent annually. There is the "My Training and Development" section in SAP the Personal Account of each employee, all training events can be found within event catalog.

7.3.5 Departments directly involved in anti-bribery procedures (clause 7.1 of this Standard) undergo additional training to meet competence requirements specified in clause 7.2.1.1 of this Standard.

7.3.6 Business partners and other interested parties are informed of the anti-bribery program on the company's official website in the "Sustainable Development" section where any user can read the "[Business Partnership Code](#)" and the "[Policy](#)".

When concluding agreements with business partners (including those acting in the name and on behalf of the company), the initiator must include anti-bribery clause in the text of the agreement, establishing anti-bribery obligations of both parties. Omission of the anti-bribery clause is subject to the agreement by the head/responsible functional director in each case after consultation with the Legal Department. When the anti-bribery clause is not included into the agreement it should be reported to the Business Support Service if there is a corruption risk associated with the relevant contract or counterparty.

## 7.4 Information Exchange

7.4.1 Internal information distribution is the receipt, transfer and exchange of information related to operation of the Anti-Bribery Management System. The purpose of internal information exchange is to be a source of improvement of the Company's anti-bribery environment.

7.4.2 Information on basic ethic standards of the Company is mandatory and must be communicated to concerned parties in accordance with Table 1.

Table 1

| Concerned Parties   | Information  | Information Distribution Method   |
|---|--|---|
| Employees of the Company  | Employee Behavior Standard;<br>The "Policy";<br>Order on Gifts Registration,<br>Sponsor and Charitable<br>Programs;<br>Hot Line. | Available on the internal<br>corporate portal in Russian                      |
| Counterparties, state and<br>regulatory authorities, and other<br>concerned parties | Business Partnership Code;<br>The "Policy"   | Available on the official website<br>of the Company in Russian and<br>English |

## 7.5 Information Documentation

7.5.1. Requirements for the construction, presentation, design, content and designation of documented information are established in regulatory and administrative documentation of the Company.

## Section 8. Operation

### 8.1 Operational Planning and Control

8.1.1 The Company has developed and implemented processes aimed at achieving goals specified in Attachment A.

8.1.2 These processes include specific controls described in clauses 8.2-8.10 of this Standard and assigned to the respective divisions described in clause 7.1 of this Standard.

8.1.3 Operating criteria for these processes, process control mechanisms, as well as documented information storage procedure are described in internal regulatory documents listed in clauses 8.2-8.10 of this Standard.

### 8.2 Due Diligence

8.2.1 The Company implements due diligence procedures that allow to assess the nature and degree of the corruption risk in relation to specific transactions, projects, activities, business partners and certain categories of employees.

8.2.2 In order to minimize bribery risks, third parties with whom the Company conducts or plans to conduct business must undergo an assessment procedure, namely:

integrity test for counterparties that might be selected based on tender results (regulated by [CTO "Procurement Activities Management" \(approved by Order No. П-ОД-700-00-19-36 dd. 09/06/2019\)](#)).

check of counterparties for signs of bribery risks (regulated by Methodology for Checking Counterparties for Signs of Bribery Risks (approved by Order ОРД/7000-15-000010 dd. 10/27/2015)).

8.2.3 Check of officials for conflict of interest is performed when they are hired or when concluding independent contractor agreements. The Company's employees that were officials previously must confirm that they have no conflict of interest in performance of their official duties annually, within 5 years from the date of completion their work as an official.

8.2.4 In order to implement the zero bribery tolerance principle, improve the quality of personnel decisions, develop anti-bribery competence of employees and embed anti-bribery behavior in the company, complex psychophysiological polygraph testing (PPT) is performed (regulated by Complex Psychophysiological Testing Policy of PAO Severstal and related legal entities).

Data on results of PPT is transferred to managers (that sent employees for testing) in order to make appropriate decisions.

### 8.3 Financial Control

8.3.1 The Company has a financial control system over payments and other financial transactions that may have potential bribery nature.

8.3.2 The payment process is structured in such a way that employees, as part of their duties, cannot simultaneously initiate and approve payments.

8.3.3 The Company has implemented the "Authorization Matrix" that provides for approval levels for high-risk transactions depending on the position held (approval/decision-making).

8.3.4 Payable items are subject to approval in SAP by the SSC Currency Control Group specialist (for payments to non-residents), the SSC Tax Control Group specialist (for payments of residents' services).

8.3.5 The signing process of electronic and other payment instruments in the Bank-Client System is carried out using two digital signatures assigned to different employees.

8.3.6 When authorizing payment items, the SSC verifies the availability of originals of supporting documents for 100% of items. In addition (for PAO Severstal), all items over 10 million rubles are checked for compliance of data specified in the primary document against data in the payment item.

8.3.7 PAO Severstal does not use cash in settlements with business partners and employees. Employees receive corporate bank cards that allow performing debit operations on the Company's card account to pay for travel and representation expenses, as well as inventory items within the agreed budget. The employee must account for all funds spent from the card. All documents confirming such expenses must be submitted to the SSC front office along with advance report within the established timeframe.

8.3.8 PAO Severstal conducts external and internal audits of financial and economic activities regularly, as well as continuously monitors the completeness and correctness of all business transactions in accounting, and compliance with requirements of applicable legislation and internal regulatory documents of the Company, including principles and terms established by the "Policy".

## **8.4 Non-Financial Control**

8.4.1 PAO Severstal has a non-financial control system aimed at mitigation of bribery risks that includes a number of procedures.

8.4.2 In order to minimize bribery risks, third parties with whom the Company conducts or plans to conduct business must undergo an assessment procedure (for more details, see clause 8.2 of this Standard). BSS counterparty check is performed at the request of concerned business unit (primarily the Sale of Raw Materials and Procurement Department), re-check of existing counterparties is performed at least once every 18 calendar months.

8.4.3 In accordance with the "Procurement Activities Management" Standard, the need of acquisition is assessed upon approval and implementation of procurement of goods and services, taking into account the feasibility: compliance of procurement with the budget does not mean that such procurement is needed unconditionally. The feasibility is assessed by all participants of the procurement process at all stages of approval, it reduces the corruption and bribery component of the transaction.

8.4.4 Procedures for counterparty selection are transparent and performed using special software, SRM. The decision on counterparty selection (tender protocol, request for quotation protocol, selection from one source protocol, reduction protocol) is agreed by members of the tender committee and approved by the chairman of the tender committee within the Company's electronic document management systems (YADRO, SRM) in accordance with the approval matrix for selection of suppliers of goods and services.

8.4.5 One and the same employee does not have the right to authorize purchase and its acceptance (receipt). If an employee makes order and accepts inventories, works/services, purchase authorization is carried out by his/her line manager or a superior.

8.4.6 The Authorization Matrix provides for division of responsibility for high-risk transactions depending on the level of the position (approval/decision-making).

8.4.7 All information on counterparties, tenders, prices, and terms of contracts is stored in SAP.

In pursuance of the Information Security Policy, SAP implements protection against unauthorized access to data. To access the IS all users must authorize (enter the system under assigned login and password) so that their activities in IT systems can be uniquely identified. Procedure for password creation, change and use is described in the Password Protection in Severstal Corporate Information System Policy.

In addition, SAP has access restriction depending on the performance of employees' duties and functionality. Request for authorities in SAP is performed automatically via SAP GRC AC module, where several process steps described in the Account Management in SAP Regulations are performed.

## **8.5 Implementation of Anti-Bribery Control by Controlled Entities and Business Partners**

8.5.1 Implementation of anti-bribery mechanism by controlled entities.

8.5.1.1 The “Policy” applies to related legal entities whose financial statements are used to prepare PAO Severstal’s consolidated financial statements in accordance with IFRS.

8.5.2 Implementation of anti-bribery mechanism by business partners not controlled by the Company.

8.5.2.1 In relations with business partners, PAO Severstal undertakes active measures to prevent bribery both on behalf of and in relation with the Company. In this regard PAO Severstal expects its counterparties to join efforts to prevent bribery incidents, as well as communicate all suspicions of corrupt behavior.

8.5.2.2 As part of procedures described in clause 8.2 of this Standard, PAO Severstal requests information on anti-bribery measures from counterparties, sends a questionnaire on availability of anti-bribery procedures, requests such documents as Anti-Bribery Policy (or similar) and Code of Business Conduct/Code of Conduct (if applicable).

## **8.6 Anti-Corruption Obligations**

8.6.1 All standard agreements of the Company include an anti-bribery clause according to which the business partner undertakes to comply with best international anti-bribery practices and act accordingly throughout the term of the agreement, guarantees the implementation of anti-bribery procedures and the absence of corruption factors associated with conclusion and execution of the Company’s agreement. In addition, in the [Business Partnership Code](#) available on the official website, the Company states that it expects its partners to discourage bribery and corruption incidents.

## **8.7 Gifts, Hospitality, Voluntary Donations and Similar Material Rewards**

8.7.1 Procedures governing the receipt/delivery of gifts, voluntary donations and sponsor support are described in the “Policy”, as well as in Anti-Bribery and Change in Value of Registrable Gifts Orders available on the corporate portal.

8.7.2 The above documents include conditions under which it is permissible to give/receive gifts, provide sponsorship and charitable assistance, as well as the threshold value of gifts above which an employee must inform the Company of such gifts in the appropriate register.

8.7.3 Register of received/given gifts, as well as sponsorship and charitable assistance is located on the Company’s portal in a special software product. Any employee can enter information about gifts in the register.

## **8.8 Management in Case of Inadequacy of Anti-Bribery Control**

8.8.1 If facts of bribery or corruption are revealed, authorized persons of PAO Severstal have the right to terminate relationships with the relevant counterparties.

8.8.2 A tender procedure participant can be excluded from consideration in the event the BSS provides a negative opinion on the counterparty’s check (including high corruption risks).

## **8.9 Growing Concerns**

8.9.1 PAO Severstal has several communication channels where employees can provide information on attempts, suspicions and facts of bribery and corruption:

A) Contacting the Ethics Committee via:

- sending a message to the e-mail of the Ethics Committee;

- sending a message to the physical mailbox of the Ethics Committee.

B) Contacting the Hotline via:

- text message;
- phone;
- e-mail;

- special electronic form on the corporate portal, including directly to an independent director, the Chairman of the Audit Committee of the Board of Directors.

B) Contacting the BSS via:

- fax;
- phone;
- e-mail
- personally.

All interested parties can find information about these methods of communication on the corporate portal and the official website of the Company.

8.9.2 Confidentiality of messages is ensured by the fact that access to incoming messages is limited to a small group of persons processing said messages. At the same time, the processing group does not transfer applicants' data.

## **8.10 Bribery Problems Investigation and Settlement**

8.10.1 Information for further investigation of attempts, suspicions and facts of bribery and corruption is provided via channels specified in clause 8.9 of this Standard.

8.10.2 All complaints related to violation of the "Policy" and Behavior Standard are considered at Ethics Committee Meetings in the manner described in Rules and Procedures of Ethics Committee approved by Chairman of the Board of Directors on 04/19/2017.

If the Ethics Committee (after reviewing submitted complaint) decides that the circumstances described in such complaint can be qualified as bribery or corruption, then it is reported to the Head of IAD who, in turn, notifies the Board of Directors of the situation through the Audit Committee of the Board of Directors.

Secretary of the Ethics Committee informs the Company's officials, state and municipal authorities, authorized to consider and decide on taking government action against employees that committed violations, about information on unethical actions identified during the review of the complaint that violate the current legislation.

8.10.3 The BSS provides employees with assistance in preparation of complaints and messages to authorized governmental authorities.

8.10.4 Corrupt practices are investigated by authorized governmental authorities.

8.10.5 Support of investigation of criminal corrupt practices is performed by the BSS officers (interaction, delivery of information, query responses, etc.).

## **Section 9. Performance Assessment**

### **9.1 Monitoring, Estimation, Analysis and Assessment**

9.1.1 When conducting the Company's internal audit, IAD and RM&IC monitor compliance with requirements of the "Policy". Results of such monitoring are reported to the Board of Directors on a regular basis at least once a year.



## 9.2 Internal Audit

9.2.1 IAD conducts internal audits in the Company.

9.2.2 The Head of IAD is functionally subordinated to the Board of Directors of the Company and administratively to the sole executive body of the Company.

9.2.3 The Head of IAD has the right to interact with the Board of Directors of the Company and, on his own initiative, inform the Board of Directors of issues (and proposals on resolution of such issues) arising in the course of performance of IAD's functions, as well as disclose this information to the sole executive body of the Company.

9.2.4 One of the key IAD's tasks is to monitor compliance with provisions of the legislation and the Company's internal policies related to anti-bribery management and compliance with the Company's Employee Behavior Standard.

9.2.5 Inspections are carried out by IAD's employees with necessary knowledge, skills and other competences.

9.2.6 Audit results are documented and storage in the TeamMate software.

## 9.3 Management Review

9.3.1 RM&IC, BSS, as well as other departments involved in the process, periodically initiate meetings with senior management and the governing body in order to discuss anti-bribery program issues. The following is discussed at these meetings:


- anti-bribery program results (including psychophysiological testing results);
- measures to improve the effectiveness of anti-bribery program;
- changes in internal and external environment of the Company.

## Section 10. Improvement

10.1 Adequacy and effectiveness of the Anti-Bribery Management System is assessed on a regular basis via several methods: IAD's analysis and management review.

10.2 Results and conclusions of such assessments are used to improve the Anti-Bribery Management System.

10.3 PAO Severstal constantly improves the effectiveness of the Anti-Bribery Management System by improving the "Policy", developing new or improving existing procedures included into the comprehensive anti-bribery program.

|  |                          |  |   |
|--|--------------------------|--|---|
| <b>Subdivision - Designer</b>  |                          | <b>AO Severstal Management<br/>Risk Management and Internal Control<br/>Department</b> |   |
| Document Designer  |                          | V.V. Petukhov, Manager, phone (8202) 53-21-68  |   |
| Information on the expert performing technical examination (regulatory document control) of the Company's draft standard |                          |  |   |
| <b>Position</b>  | <b>Surname, initials</b> | <b>Date</b>  | <b>Signature</b>  |
| Manager (MS Documentation Management)  | Yu.Yu. Shchelchkova      | 05/14/2020   |  |

**Attachment A**  
**(mandatory)**  
**Anti-Bribery System Metrics**

| <b>Anti-Bribery System Elements</b> |  |
|-------------------------------------|--|
| <b>1.</b>                           | <b><i>Policies and Procedures</i></b>  |
| 1.1                                 | The Company applies the “Policy” that complies with requirements of anti-bribery legislations and current assessment of the Company’s risks.   |
| 1.2                                 | There are procedures developed in order to control the application of the “Policy”.  |
| 1.3                                 | The “Policy” and anti-bribery procedures have been translated into foreign languages used in the Company.  |
| 1.4                                 | The “Policy” and anti-bribery procedures are available for all employees of the Company.   |
| <b>2.</b>                           | <b><i>Subdivision Responsible for the Anti-Bribery Program</i></b>   |
| 2.1                                 | Subdivision responsible for the anti-bribery program is 100% formed.   |
| 2.2                                 | 100% of employees of subdivision responsible for the anti-bribery program have received specialized training.  |
| <b>3.</b>                           | <b><i>Bribery Risks Assessment</i></b>   |
| 3.1                                 | The Company performs and documents an annual bribery risks assessment that includes elements provided for by UKBA, ISO 37001, FCPA.  |
| 3.2                                 | The Company performs testing of the “Policy”, procedures and control mechanisms based on the results of bribery risks assessment.  |
| 3.3                                 | All material weaknesses (above the low risk level) are considered no later that 6 months after the identification.   |
| 3.4                                 | Data for risk assessment include (by department): <ul style="list-style-type: none"> <li>• country risk level;</li> <li>• volume (number) of interaction with government agencies;</li> <li>• volume (number) of third parties involved with government agencies.</li> </ul> |
| 3.5                                 | Procedures for assessment of government agencies interaction (third parties involved with government agencies) risk are 100% approved for regional subdivisions with high country risk level.  |
| 3.6                                 | Risk assessment is performed annually.   |
| <b>4</b>                            | <b><i>Relationships with Third Parties</i></b>   |
| 4.1                                 | The BSS has performed potential bribery risk assessment for 100% of counterparties.  |
| 4.2                                 | 100% of counterparties were requested to submit documents confirming the existence of anti-bribery and anti-corruption procedures.   |
| <b>5.</b>                           | <b><i>Training</i></b>   |
| 5.1                                 | 100% of employees responsible for supplier relationship management have completed specialized training.  |
| 5.2                                 | All employees involved in high-risk activities (sales, finance, government order) have completed specialized training and passed post-training test with at least 80 percent score.  |
| <b>6</b>                            | <b><i>Corrective Actions and Improvements</i></b>  |
| 6.1                                 | Corrective actions were taken: up to 60 days, 60-90 days, 90-120 days, over 120 days.  |
| 6.2                                 | Internal audit have assessed the implementation of approved corrective actions within six months of their implementation.  |
| <b>7.</b>                           | <b><i>The Board of Directors</i></b>   |
| 7.1                                 | The Board of Directors reviewed the results of this year’s bribery risk assessment.  |
| 7.2                                 | The Board of Directors reviewed the results of this year’s internal audit of anti-bribery system assessment.   |
| 7.3                                 | The Board of Directors approved the Anti-Bribery System Improvement Plan.  |

## **Attachment B (mandatory, page 1 of 8)**

### **Bribery and Corruption Risk Assessment Procedure**

- 1 Bribery and Corruption Risk Assessment Procedure applies to PAO Severstal.
- 2 This Assessment Procedure is based on the requirements of ISO 37001 “Anti-Bribery Management System (ISO 37001)”.
- 3 The Procedure assesses bribery and corruption risks:
  - applicable to state officials/equal-status persons (bribery), as well as to employees of commercial and public corporations (corrupt payments) from the Company’s employees (Section 1);
  - applicable to PAO Severstal’s employees from employees of commercial and public corporations (corrupt payments) (Section 2).
- 4 Bribery and corruption risk assessment is a general process of identification, analysis and ranking of bribery and corruption risks.
- 5 Bribery and corruption risk identification is performed for each business process. The main task of bribery and corruption risk identification stage is to identify (to the fullest extent possible) critical points in each considered area of activity and business process of the Company.
- 6 Indications of critical points:
  - the Company’s employee has the authority to perform actions allowing to obtain benefits;
  - interaction of the Company’s employee with a government agency (other regulator).Several critical points can be identified within one business process.
- 7 Analysis is performed on the basis of assessment of factors affecting the likelihood and significance of the risk.
- 8 Integral procedure assessment is performed on the basis of the sum of risk factor points presented in Table 1.

Table 1

|        |              |
|--------|--------------|
| 0 - 3  | Low risk     |
| 4 - 8  | Average risk |
| 8 - 10 | High risk    |

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9 Risk assessment criteria are presented in Table 2.

Table 2

| Risk factors                                     | Assessment Procedure | Assessment Procedure Description                       | Number of Points  | Examples   |
|--|----------------------|--|---|--|
| Place of operation                               | Qualitative          | Based on assessment                                    | 1 – if the operation is performed abroad*   |  |
| Exposure to risk                                 | Qualitative          | Based on process materiality assessment (its turnover) | Materiality levels: 1-2<br>1- turnover is non-material<br>2- turnover is material   | Non-material – HR<br>Material risks – investments, sales, procurement, |
| Substantiality of consequences                   | Quantitative         |  | Materiality levels: 1-3<br>1- non-material (from 100 thousand rubles up to 1.000 thousand rubles or civil liability)<br>2- material (from 100 thousand rubles or criminal cases against individual officers)<br>3- catastrophic (from 1.000 thousand rubles or criminal cases against a group of core officers) |  |
| Intermediation                                   | Qualitative          |  | 1   |  |
| Government participation in the project/contract | Qualitative          |  | 1   |  |
| Government regulation                            | Qualitative          |  | 1   |  |
| Probability of manifestation                     | Qualitative          | Based on information about actualized risks            | Materiality levels 1-2<br>1- there is information on similar cases in the industry<br>2- there is information on similar cases in the Company   |  |

\* If the point is “1”, the final risk assessment is increased by 1-5 points depending on the bribery and corruption perception index published by the Transparency International annually.

**Attachment B**

**(mandatory, page 3 of 8)**

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10 Risk classification

10.1 Section 1. External bribery and corruption risks are presented in Table 3.

Table 3

| Ser. No. | Process      | B/CP | Risk  | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Government Participation (1) | Government Regulation (1) | Intermediation (1) | Probability of Manifestation (1-2) | Total |
|----------|--------------|------|---|------------------------|---------------------------|------------------------|------------------------------|---------------------------|--------------------|------------------------------------|-------|
| 1        | Procurement  | CP   | CP for delivery priority  |                        |                           |                        |                              |                           |                    |                                    |       |
|          |              | CP   | CP for discounts  |                        |                           |                        |                              |                           |                    |                                    |       |
|          |              | B    | Bribe for customs clearance on preferential terms                 |                        |                           |                        |                              |                           |                    |                                    |       |
| 2        | Sales        | B/CP | Obtaining rights to conclude contracts                            |                        |                           |                        |                              |                           |                    |                                    |       |
|          |              | B    | Final products licensing  |                        |                           |                        |                              |                           |                    |                                    |       |
|          |              | B    | Export permits  |                        |                           |                        |                              |                           |                    |                                    |       |
| 3        | Finance      |      |   |                        |                           |                        |                              |                           |                    |                                    |       |
| 3.1      | Taxes        | B    | Violation of tax calculation and tax payment rules                |                        |                           |                        |                              |                           |                    |                                    |       |
| 4        | Production   | B    | Violation of rules of state technical and engineering supervision |                        |                           |                        |                              |                           |                    |                                    |       |
|          |              | CP   | Production process certification                                  |                        |                           |                        |                              |                           |                    |                                    |       |
| 5        | Construction | B    | Commissioning a facility in violation of provisions               |                        |                           |                        |                              |                           |                    |                                    |       |
| 6        | Logistics    | B    | Priority is shipment and tariffs                                  |                        |                           |                        |                              |                           |                    |                                    |       |
| 7        | IT           | B    | Violation of information storage and processing rules             |                        |                           |                        |                              |                           |                    |                                    |       |

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Table 3 (continued)

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| Ser . No. | Process           | B/ CP | Risk  | Place of Operatio n (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Governm ent Participati on (1) | Government Regulation (1) | Intermediati on (1) | Probabil ity of Manifest ation (1-2) | Total |
|-----------|-------------------|-------|---|-------------------------|---------------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------------------|-------|
| 8         | Safety            | B     | Violation of rules governed by law enforcement agencies |                         |                           |                        |                                |                           |                     |                                      |       |
| 9         | Industrial Safety | B     | Violation of occupational and industrial safety rules   |                         |                           |                        |                                |                           |                     |                                      |       |
| 10        | Ecology           | B     | Violation of ecological standards                       |                         |                           |                        |                                |                           |                     |                                      |       |
| 11        | GR                | B     | Acquisition of confidential information                 |                         |                           |                        |                                |                           |                     |                                      |       |
|           |                   | B     | General patronage/ Lobbying                             |                         |                           |                        |                                |                           |                     |                                      |       |
| 12        | M&A               | B     | Obtaining a permit for M&A transaction                  |                         |                           |                        |                                |                           |                     |                                      |       |

10.2 Section 2. Internal bribery and corruption risks are presented in Table 4.

Table 4

| Ser . No. | Process     | B/ CP | Risk   | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Governm ent Participati on (1) | Government Regulation (1) | Intermediati on (1) | Probabil ity of Manifest ation (1-2) | Total |
|-----------|-------------|-------|--|------------------------|---------------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------------------|-------|
| 1         | Procurement | CP    | Inclusion of employee-affiliated companies and empty shell companies into the list of authorized suppliers |                        |                           |                        |                                |                           |                     |                                      |       |

**Attachment B**  
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Table 4 (continued)

| Ser . No. | Process | B/ CP | Risk  | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Government Participation (1) | Government Regulation (1) | Intermediation (1) | Probability of Manifestation (1-2) | Total |
|-----------|---------|-------|---|------------------------|---------------------------|------------------------|------------------------------|---------------------------|--------------------|------------------------------------|-------|
|           |         | CP    | Inclusion of advantages into terms of contracts concluded (price, payment terms, form of payment, delivery structure)           |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Fictitious delivery authorization   |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         |       | Postponement of delivery date   |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Non-application of penalties under the contract   |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Change of structure of obligations under the contract   |                        |                           |                        |                              |                           |                    |                                    |       |
| 2         | Sales   | CP    | Inclusion into the list of authorized counterparties  |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Unjustified granting of credit limit  |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Provision of advantages in terms of contracts concluded (price, payment terms, form of payment, conditions, delivery structure) |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Postponement of delivery date   |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Change of structure of obligations under the contract (price, delivery volume, fictitious returns)                              |                        |                           |                        |                              |                           |                    |                                    |       |

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Table 4 (continued)

| Ser . No. | Process        | B/ CP | Risk   | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Government Participation (1) | Government Regulation (1) | Intermediation (1) | Probability of Manifestation (1-2) | Total |
|-----------|----------------|-------|--|------------------------|---------------------------|------------------------|------------------------------|---------------------------|--------------------|------------------------------------|-------|
| 3         | Finance        |       |  |                        |                           |                        |                              |                           |                    |                                    |       |
| 3.1       | Banks          | CP    | Inclusion of non-reliable banks into the list of authorized banks                        |                        |                           |                        |                              |                           |                    |                                    |       |
|           |                | CP    | Conclusion of financial contracts consciously on disadvantageous terms                   |                        |                           |                        |                              |                           |                    |                                    |       |
| 3.2       | Insurance      | CP    | Inclusion of non-reliable companies into the list of authorized insurance companies      |                        |                           |                        |                              |                           |                    |                                    |       |
|           |                | CP    | Conclusion of insurance contracts consciously on disadvantageous terms (interest, risks) |                        |                           |                        |                              |                           |                    |                                    |       |
|           |                | CP    | Unbilled/removed claims for indemnification  |                        |                           |                        |                              |                           |                    |                                    |       |
| 3.3       | Internal Audit | CP    | "Not detected" violations committed by IA employees                                      |                        |                           |                        |                              |                           |                    |                                    |       |
| 4         | Production     | CP    | Reordering of accepted production orders and shipping periods                            |                        |                           |                        |                              |                           |                    |                                    |       |
|           |                | CP    | Product shipment above the contract  |                        |                           |                        |                              |                           |                    |                                    |       |



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Table 4 (continued)

| Ser. No. | Process           | B/CP | Risk  | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Government Participation (1) | Government Regulation (1) | Intermediation (1) | Probability of Manifestation (1-2) | Total |
|----------|-------------------|------|---|------------------------|---------------------------|------------------------|------------------------------|---------------------------|--------------------|------------------------------------|-------|
|          |                   | CP   | Production process certification  |                        |                           |                        |                              |                           |                    |                                    |       |
| 5        | Construction      | CP   | Similar to Purchase process risks   |                        |                           |                        |                              |                           |                    |                                    |       |
|          |                   | CP   | Facility acceptance in violation of legislation, construction rules and norms |                        |                           |                        |                              |                           |                    |                                    |       |
| 6        | Logistics         | CP   | Similar to Purchase process risks   |                        |                           |                        |                              |                           |                    |                                    |       |
| 7        | IT                | CP   | Similar to Purchase process risks, purchase of equipment, licenses, software  |                        |                           |                        |                              |                           |                    |                                    |       |
| 8        | Safety            | CP   | "Not detected" violations committed by CP employees                           |                        |                           |                        |                              |                           |                    |                                    |       |
| 9        | Industrial Safety | CP   | Fictitious occupational health and safety training/certification              |                        |                           |                        |                              |                           |                    |                                    |       |
|          |                   | CP   | Removal of occupational health and safety violation claims                    |                        |                           |                        |                              |                           |                    |                                    |       |
|          |                   | CP   | Lobbying interests of certification bodies                                    |                        |                           |                        |                              |                           |                    |                                    |       |

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**Attachment B**  
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Table 4 (continued)

| Ser . No. | Process | B/ CP | Risk  | Place of Operation (1) | Process Materiality (1-3) | Exposure to Risk (1-2) | Government Participation (1) | Government Regulation (1) | Intermediation (1) | Probability of Manifestation (1-2) | Total |
|-----------|---------|-------|---|------------------------|---------------------------|------------------------|------------------------------|---------------------------|--------------------|------------------------------------|-------|
| 10        | Ecology | CP    | Lobbying interests of certification bodies                            |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Refusal to register violations committed by officers                  |                        |                           |                        |                              |                           |                    |                                    |       |
| 11        | GR      | CP    | Inclusion into charitable and social programs                         |                        |                           |                        |                              |                           |                    |                                    |       |
|           |         | CP    | Similar to Purchase process risks, gifts                              |                        |                           |                        |                              |                           |                    |                                    |       |
| 12        | M&A     | CP    | Conclusion of contracts with M&A consciously on disadvantageous terms |                        |                           |                        |                              |                           |                    |                                    |       |

Notes: B/CP – bribe/corrupt payment, IT – information technology, M&A – merger and acquisition, IA – internal audit.

