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2021

Whistleblowing policy of the Severstal Group of Companies

terms of Reference
of the Ethics Committee



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The Purpose of the Policy

This Whistleblowing policy of the Severstal Group of Companies and Terms of Reference of the Ethics Committee (hereinafter — «**Terms**») specify:

- the legal basis of activities performed by the Ethics Committee of the Severstal Group of Companies (hereinafter — the “**Committee**”);
- purposes and main tasks of the Committee;
- procedure for formation of the Committee;
- requirements to applications to be sent to the Committee;
- methods of submission of such applications;
- terms and types of proceedings of the received applications;
- rules of preparation of the received applications for proceeding;
- procedure of applications proceeding and making decisions on their subjects; and
- list of measures to be taken by the Committee to persons who violate the Employee Code of Conduct of the Severstal Group of Companies (hereinafter — the “**Employee Code of Conduct**”), the Anti-corruption Policy of PAO Severstal and Related Legal Entities (hereinafter — the “**Anti-corruption Policy**”), other internal policies and regulations of the Severstal Group of Companies (hereinafter — the “**Group**”)¹, and/or applicable laws.

¹ Such legal entities include legal entities whose statements are used for preparation of consolidated statements of PAO Severstal in accordance with the International Financial Reporting Standards.



The Legal Basis of Activities performed by the Ethics Committee

2.1. Upon performance of its activities the Committee shall be governed by:

- applicable laws of the Russian Federation;
- Employee Code of Conduct;
- Anti-corruption Policy;
- these Terms; and
- other internal policies and regulations of the Group.



The Main Purposes of the Committee

3.1. The Committee is established and being operated in order to achieve the following purposes:

- to maximally ensure the complete and strict compliance with the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws by each employee of the Group² (hereinafter — the “**Employee**”) during his/her daily business activities;
- prevention and suppression of violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws; and
- improvement of the Employee Code of Conduct.

² In these Terms, an “employee of the Group” means any individual who has employment relationship (particularly, on a part-time basis or under fixed-term employment contracts) with any legal entity that is a member of the Group, as well as individuals who provide services or perform works under a contract in favor of the Group, and seconded staff and trainees/probationers of the Group.



The Procedure for Formation of the Committee

4.1. The number of Committee members, including its Chairman and the Authorised Person for Ethics Matters (hereinafter — the “**Authorised Person**”), as well as personal composition (list) of the Committee members indicating its Chairman and Authorised Person for Ethics Matters shall be approved by the Chairman of the Board of Directors and shall be reflected in the Appendix No. 1 hereto

The Committee’s Secretary shall be appointed among Employees by the Authorised Person and he/she has not necessarily to be a member of the Committee.

4.2. Any member of the Committee is entitled to withdraw from the Committee:

- at his/her discretion;
- due to termination of employment relationship with the Group;
- due to the proved fact of his/her improper conduct;
- due to his/her declaration to be partially incapacitated, incapable, missing or dead; or
- due to his/her death.



The Requirements to Applications to be sent to the Committee

5.1. The Ethics Committee proceeds with written applications with respect to:

- clarification of the Employee Code of Conduct;
- violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws;
- improvement of the Employee Code of Conduct.

The Committee proceeds also with applications of the Group Employees (including former ones) who have been subject to a disciplinary punishment or to an act which has negatively affected their labour conditions due to their reporting of violation of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws. For proceeding by the Committee of oral applications submitted to the Severstal Hotline the applicant shall be advised to prepare a written application in accordance with cl. 5 hereof.

5.2. Application for clarification or improvement of the Employee Code of Conduct shall contain the following data:

- last name, first name, patronymics, position and place of work of the applicant;
- contact details for written feedback;
- signature of the applicant (for applications which are sent by post).

The Committee represented by its Chairman or Authorised Person, in each case makes a decision if it should proceed with an anonymous application for clarification or improvement of the Employee Code of Conduct.

5.3. An application for clarification, in addition to the details specified in cl. 5.2 hereof, shall contain the following data:

- reference to the provision of the Employee Code of Conduct which is requested to be clarified; and
- description of the issue which, in the applicant's opinion, is unclear (disputable).

Besides, application for clarification can describe a hypothetical (without any certain data on persons and facts) situation which is not (in the applicant's opinion) regulated by the Employee Code of Conduct, but, in the applicant's opinion, is doubtful with respect to its ethicality, and it can contain a request to the Committee to explain whether such situation is ethical or not.

5.4. An application for violation of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws shall indicate actual certain circumstances — the actions of certain officers of the Group or other Employees, which, in the applicant's opinion, violate the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws.

Anonymous applications for violations shall be also considered by the Committee.

Any person who declares in connection with violation may stipulate the condition of confidentiality of his/her identity, upon consideration of his/her application, to the person who is accused by him/her, by his/her immediate superior, colleagues and other persons; in such case the Committee members and the Secretary shall take all measures to keep confidentiality.

5.5. An application for improvement, in addition to the details specified in cl. 5.2 hereof, shall contain the following data:

- reference to the provision of the Employee Code of Conduct which should be (in the applicant's opinion) improved;
- description of those reasons due to which (in the applicant's opinion) the Employee Code of Conduct should be improved;
- a suggestion on to improve the provision of the Employee Code of Conduct (its revision, adding to it a new stipulation, its exclusion from the Employee Code of Conduct etc.).

5.6. Applications which are filed in violation of cl. 5.1-5.5 of these Terms, will not be considered. The Secretary may, if he/she deems necessary, send a written notification on refusal of proceeding of the application and detail the reasons for such refusal.

5.7. At the applicant's discretion, any application may contain other data which is, in the applicant's opinion, related to the subject matter (evidences of facts stated in the application, suggestions on the future solution and (or) measures to be taken, etc.). The provision of such data in an application may not be a ground for its rejection to consider.





Methods of Submission of Applications

6.1. Any applications — for clarification or improvement of the Employee Code of Conduct, violation or the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws, if applicable, shall be submitted by one of the following methods:

- **to email** komitet@severstal.com; or
- **by post to the address** 2 Klary Tsetkin street, Moscow, 127299, to the addressee: “Ethics Committee”;
- **by Severstal Hotline number** 8 (800) 700 72 77 (subject to cl.5.1 hereof).

The details of sending applications on violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws by the Committee members or its Secretary are specified below (cl. 13.1).

6.2. The Committee is entitled to refuse of considering applications which were sent by any method other than methods described in cl. 6.1 hereof.

6.3. In view of cl. 5.4, the Committee members shall keep confidentiality of applications received by the Committee and any information in such applications; the Committee members may use such information for making an investigation and making a decision in accordance with the procedure prescribed by these Terms.



Terms of Proceeding of Applications

7.1. An application shall be proceeded within 30 (thirty) calendar days.

7.2. The specified term can be extended by the Chairman or the Authorised Person:

- under applications for clarification or improvement of the Employee Code of Conduct — if consultations of specialists are required with respect to the subject matter of the application;
- under applications for violation of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws — if consultations of specialists are required with respect to the subject matter of the application or circumstances, reasons and consequences of alleged violation shall be separately examined.

7.3. In any case, the total term of consideration of an application may not exceed 90 (ninety) calendar days.

7.4. The terms specified herein shall be calculated starting from the date of receipt of an application by the Committee.



Types of Applications Proceeding. Individual Decision

8.1. Applications can be proceeded by the Authorised Person (individually) or by the Committee (jointly).

8.2. Applications for clarification or improvement of the Employee Code of Conduct can be resolved by the Authorised Person individually, unless her/she decides to submit such applications to the Committee for joint proceeding.

Applications for violations of Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws are proceeded on the joint basis only.

8.3. If the Authorised Person decides to individually resolve an application, he/she notifies the content of his/her decision to the Secretary who prepares a draft resolution of the Committee. Such resolution is deemed to be adopted upon its signing by the Authorised Person.

A decision adopted by the Authorised Person is also deemed to be made by the Committee, but it shall have a mark that it was made at one's sole discretion.

The content of any individual decision is governed by cl. 11.1, 11.2 and 11.4 of these Terms on the content of joint decisions, its execution — by cl. 11.8 of these Terms; given that, the mark on joint adoption and results of voting shall be substituted by the indication on individual adoption of such decision. An individual decision and measures taken thereunder shall be notified in accordance with cl. 11.9 and 11.10 hereof.

8.4 Joint proceeding of any application is preceded by preparation which is made in accordance with the procedure prescribed by cl. 9.2 and performed in accordance with the procedure prescribed by art. 10 hereof.





Preparation of the Application for Proceeding

9.1. The Secretary shall arrange proceeding of all properly submitted applications; given that, the Secretary:

- records a new application into a special log;
- assesses it for its compliance with the requirements of art. 5 hereof;
- if an application does comply with the specified requirements — the Secretary notifies the content of such application to the Authorised Person;
- by the Authorised Person's instruction, the Secretary sends the accepted application to one of the Committee members for preparation of materials for joint proceeding of the application at a meeting of the Committee or (if joint consideration is not required) prepares a draft decision on the application in accordance with the Authorised Person's instruction;
- by the Authorised Person's or the Committee member's instruction, interacts with applicants, other Employees, external specialists, organisations, state and municipal authorities, their officers, in order to establish circumstances which are important for the case and to estimate circumstances which require special knowledge;

- executes draft resolutions of the Committee;
- sends copies of resolutions of the Committee to applicants and other interested parties;
- maintains a registration log of applications indicating their numbers and dates of receipt, types of applications, data about applicants, their contact details, results of assessment of applications for their compliance with the requirements hereof, numbers and dates of decisions adopted with respect to applications.

9.2. The Committee member, who is assigned by the Authorised Person to prepare materials on accepted application, is entitled to:

- request Employees (including the applicant) to provide any documents and information which are required for consideration of the application, as well as their explanations on any issues of the application, in oral or in writing form;
- if necessary, having notified the requested person, to make audio record of oral explanations;
- engage experts among Employees in order to opine on circumstances of the application which require special knowledge; and
- within the framework of his/her capacities or through authorised employees of the Group, to apply to external specialists, organisations, state and municipal authorities, their officers in order to establish circumstances which are important for the case and to estimate circumstances which require special knowledge.

9.3. Oral and written requests and instructions of the Authorised Person, the Committee members or the Secretary, which are sent in accordance with cl. 9.1 or 9.2 hereof, shall be binding upon all Employees and shall be unconditionally performed in due term prescribed by the Committee members.



Joint Proceeding of Applications

10.1. The Committee member who has prepared materials for application consideration shall provide other Committee members with his/her preliminary opinion (in oral or written form) and a suggested draft decision on the application.

The Chairman of the Committee or its Authorised Person determines the date of joint consideration of the application in agreement with other Committee members; given that, the Committee members shall have time which is sufficient for examination of the written opinion and (or) the draft decision, but in view of compliance with the terms prescribed by art. 7 of these Terms.

10.2. Joint proceeding of the application and adoption of a decision thereon can be made in one of the following forms::

- meeting in person;
- absent voting;
- video conference;
- phone conference; and
- mixed form which combines several of the above.

10.3. The Chairman of the Committee or the Authorised Person determines the type of proceeding of a certain application and persons who will participate in the Committee's meeting (apart from its members and the Secretary) in agreement with the Committee members.

10.4. During joint proceeding of an application the Committee is not bound by the arguments indicated in such application and it is not limited by investigation of those circumstances and evidences only which are directly mentioned in such application. .

The Committee is entitled to consider circumstances and evidences, which are not mentioned in the respective application, if it is required for resolution of the subject matter of the application, or if any of the purposes specified in cl. 3.1 hereof cannot be achieved otherwise.

10.5. If it is not possible to issue a joint resolution according to the results of the current proceeding, the Chairman of the Committee suspends the meeting, determines the date of the repeated consideration and its form.

Within the terms specified in art. 7 hereof, one and the same application can be proceeded an unlimited number of times and in different ways.



Joint Decision on Application

11.1. The Committee's decision on application for clarification shall clarify the sense and meaning of disputable provisions of the Employee Code of Conduct or indicate the certain rules of the Employee Code of Conduct and how to resolve the hypothetical situation which is described in the application.

11.2. The Committee's decision on application for violation shall (as applicable) specify:

- on declaring the application to be ungrounded (for example, due to the absence of the event of violation of the Employee Code of Conduct or the Anti-corruption Policy , due to non-recognition of the action which is mentioned by the applicant to be a violation, etc.); or
- on declaring the application to be well-grounded, on taking measures on assurance of the compliance with the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws, restoration of rights and legal interests of persons who were affected by such violation of the Employee Code of Conduct or the Anti-corruption Policy , and punishment of its defaulting parties.

11.3. The Committee's decision on application for improvement shall contain a motivated opinion if the suggested amendment of the Employee Code of Conduct is reasonable or not.

11.4. In addition to any jointly adopted resolution the Committee may issue an individual order to certain officers of the Group on taking measures by them to ensure the compliance with the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws, particularly, in connection with such facts which were not provided in the application and which were established during its proceeding only.

11.5. To achieve purposes indicated in cl. 3.1 hereof, the Committee is entitled to make a decision on the basis of any facts which were established during proceeding of the application, and in relation to any persons, whether such facts and persons were mentioned in the application or not.

11.6. The Committee makes decisions by simple majority of votes of the total number of its members.

Upon equality of "ayes" and "nays" votes the Chairman of the Committee shall have casting vote. The Committee's Secretary does not take part in voting.

11.7. Any jointly adopted decision shall indicate:

- date of its issue;
- details of the application (according to the registration log);
- subject matter of the adopted decision (according to cl. 11.1-11.3 of these Terms);
- indication to its joint adoption and results of voting;
- if the decision is not subject to disclosure (cl. 11.8) — a mark thereon.

The analytical part must not necessary be included into the resolution, and it can be included by decision of the Authorised Person in coordination with the Committee members. Any decision shall be signed by the Chairman of the Committee. Copies of a decision are made and signed by the Secretary.

11.8. A Committee's decision shall be sent to the applicant and all persons, with respect to whom it was adopted, by the Secretary on behalf of the Committee.

If sending of a decision to the applicant and all persons, with respect to whom it was adopted, can result in the violation of confidentiality of the applicant's identity or in the disclosure of another confidential information (personal, family, commercial or other secret protected by the law), then such decision shall not be disclosed. The Secretary notifies the applicant and all persons, with respect to whom it was adopted, about the fact of adoption of the respective decision in oral form, without disclosure of the subject matter of circumstances on the case.

11.9. Besides, the Committee notifies the applicant about measures which are taken under the decision on the application with respect to improvement of the Employee Code of Conduct — amendments and additions to the Employee Code of Conduct.



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Measures to be taken by the Committee

12.1. A decision adopted by the Committee on an application for violation can provide taking the following measures to Employees with respect to which it was issued:

- summoning for private conversation with the Chairman of the Committee or the Authorised Person, the Committee members or the immediate superior, and holding such conversation in order to demonstrate the impermissibility of behaviour which violates the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws; or
- notification of functional divisions of the Group company about the established facts of improper conduct of an employee in order to consider such facts upon deciding on promotion of such employee at work, on his/her access to confidential information, participation in hospitality events, giving him/her recommendations upon dismissal, etc.

12.2. The data on improper conduct, which was detected during consideration of an application, that also violates the applicable laws (civil, labour, administrative, criminal laws, etc.), job instructions, employment contract, or which forms any other disciplinary offense, shall be notified by the Secretary acting on behalf of the Committee to the Group officers, state and municipal authorities, which are competent to consider and decide on bringing the respective employees to legal liability.

Above of this, the Ethics Committee through a Secretary shall notify the Head of the Internal Audit Department on the incident, so the latter could report the issue to the Board of Directors through the Audit Committee of the Board of Directors of Severstal.

12.3. It shall not be allowed to apply any pressure, prosecution, measures (including disciplinary punishments) towards the Employees who has filed in good faith an application for violations in accordance with these Terms, assisted with investigations, refused to engage in activities violating principles or provisions of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws.



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Final Provisions

13.1 Applications for violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws made by the Committee member who is not its Chairman, Authorised Person or Secretary, shall be sent to the Committee with the following note: “to the Authorised Person for Ethics Matters (in person)”.

Applications for violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws made by the Authorised Person or the Secretary shall be sent to the Committee with the following note: “to the Chairman of the Committee (in person)”.

Applications for violations of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws made by the Chairman of the Committee shall be sent to the Committee with the following note: “to the Authorised Person for Ethics Matters (in person)”.

The way the applications are proceeded, as more precisely contemplated by cl. 13.1, shall be maximally compliant with the principles of these Terms, given that, the Chairman of the Committee or the Authorised Person may adjust such procedure in its sole discretion.

The Committee member, with respect to whom an application for violation of the Employee Code of Conduct, the Anti-corruption Policy, other internal policies and regulations of the Group and/or applicable laws was filed, cannot take part in the proceeding of such application, and his/her vote will not be considered upon establishment of the quorum (cl. 11.7).

13.2. The Authorised Person shall once a quarter provide the Chairman of the Committee with a report on the Committee's operation.

The Secretary shall in a timely manner provide the Authorised Person with materials required for preparation of a quarterly report on the Committee operation, prepare its draft and render assistance which is required by the Authorised Person in preparation of such report.

13.3. New members can be appointed to the Committee instead of the members who have resigned (cl. 4.2) by the Chairman of the Board of Directors.

The new list shall be reflected in the Appendix No. 1 hereto.

13.4. These Terms become effective as of the date of their approval by the Chairman of the Board of Directors of Severstal, including Appendix No. 1 hereto which contains the list of members of the Committee and forms an integral part of these Terms.



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