

GOVERNANCE CODES AND POLICIES

Despite being privately held, Metinvest believes that it is important to have a strong corporate governance structure in place, underpinned by codes and policies appropriate for groups of its size with operations and sales offices around the world.

For this purpose, the Group employs internal transparency, accountability and anti-corruption safeguards, among which are the Code of Ethics, Compliance Programme, Procedure for Declaring Conflicts of Interest, Policy on Supplier Selection and Procedure on Anti-Money Laundering and Countering the Financing of Terrorism.

CODE OF ETHICS



Metinvest's Code of Ethics establishes core ethical and business standards, including in anti-corruption, to which all employees and management must adhere. The Code of Ethics is built around the following core values in dealing with colleagues, business partners, debt and equity providers, communities and government authorities: health and the environment, customer focus, professionalism, leadership, teamwork, non-discrimination and lawfulness. These principles are communicated through the personal example of leadership, as well as ongoing training and communication campaigns that aim to promote the Code of Ethics.

Metinvest's Code of Ethics is available for stakeholders to read at: <https://metinvestholding.com/en/about/ethic>.

Metinvest has conducted training on its Code of Ethics since 2014 and uses tests to evaluate how well its employees understand it. While the scope of testing was initially limited to senior executives at the Group's enterprise, since September 2019, these tests have been a mandatory element of the online Code of Ethics training for all staff. Over September-December 2019, a total of 31,856 employees passed an online Code of Ethics test, with around 62% correctly answering 21-24 questions out of 24 and the remaining 38% correctly answering 11-20 questions out of 24. This indicates a high average level of understanding of the principles underlying the Code of Ethics.

TRUST LINE



Since 2013, Metinvest has used the Trust Line maintained by SCM, one of the Group's shareholders, to serve as an important element of transparency and responsibility, allowing stakeholders to anonymously report violations of the law, breaches of business conduct and corporate ethics, as well as non-compliance with standards and the principles of the Group's Code of Ethics.

In 2019, a total of 746 reports were submitted via the Trust Line, 359 of which were confirmed in relation to such areas as violations of internal procedures, HR cases and others. For comparison, in 2018, a total of 722 reports were submitted via the Trust Line, 363 of which were confirmed. Such statistics suggest that Metinvest's stakeholders feel empowered to speak up and report their concerns.

In 2019, the Code of Ethics was amended to update the contact information for the Trust Line and reflect the Group's current organisational structure. The Trust Line is available through the following channels:

Toll free number within the borders of Ukraine:
0800 60 07 77
International number: +38 044 224 72 32
Email: trustline@scm.com.ua
Web: www.scm.com.cy/trust-line

COMPLIANCE PROGRAMME



Metinvest introduced the Compliance Programme in order to ensure that all employees follow all ethical and legal standards when conducting business, to prevent any legal violations both in Ukraine and internationally, as well as to promote compliance as a core aspect of the Group's corporate culture. The Compliance Programme encompasses all the Group's enterprises and provides for the issuance of compliance policies, training, reporting, control, support, using disciplinary sanctions and other activities aimed at improving the programme and evaluating its implementation and efficiency.

CONFLICTS OF INTEREST



Metinvest recognises that each of its employees has their own individual interests and encourages their development, especially where they are beneficial to the community at large. However, it also understands the necessity for its employees to avoid activities where a conflict exists between their interests and those of the Group.

Metinvest's Procedure for Declaring Conflicts of Interest requires employees to inform their direct supervisor and the legal team in a timely manner about a real or potential conflict of interest, which it defines as any situation wherein the personal interests of an employee performing their regular job duties contradict or might contradict the Group's interests, including, but not limited to, situations when such personal interests affect or might affect the objectivity of business decision making and/or reduce or might reduce the efficiency of the employee in relation to the Group.

All employees holding management positions are required to submit declarations confirming that they do not have any conflicts of interest or declaring any issues. Such declaration is required further to employment in management positions (initial declaration), in case any real or potential conflict appears during the year (current declaration) and once a year regardless of whether there is a conflict (annual declarations). In 2019, 99% of all declarants submitted their annual declarations. During the year, 30 such forms were filed disclosing a conflict of interest.

ETHICS COMMITTEE



To ensure that the tone is set from the top, an Ethics Committee was established. The Committee, which is chaired by Metinvest's CEO and includes the senior management, meets once a quarter to discuss the implementation of the Compliance Programme throughout the Group, take decisions concerning conflicts of interest and review reports received via the Trust Line. Additionally, the progress of tasks on the Compliance Programme agenda is reported on a quarterly basis at meetings of the Supervisory Board's Audit and Finance Committee and annually at a meeting of the Supervisory Board.

SUPPLIER SELECTION



Metinvest's success relies on building strong relationships of mutual respect and trust with its suppliers. The Policy on Supplier Selection codifies these principles to ensure that the Group always seeks to work with partners and contractors who share its ethical and business principles, including those regarding health, safety and the environment, by conducting supplier assessments via pre-qualification and pre-contract procedures.

Metinvest employs a competitive and transparent tender procedure that evaluates offers for compliance with the specified procurement parameters. The Tender Committee, which consists of a minimum of three members from different departments, considers certain approved criteria, including price, quality, delivery and payment terms, guarantees, etc.

Information about major future tenders is published on the Group's website a minimum of three days in advance. In addition, Metinvest uses the SAP Ariba digital commerce solution for competitive supplier choice, which ensures rapid and high-quality online information exchange with bidders.

New suppliers, and existing suppliers requiring requalification, are required to undergo a pre-qualification procedure in the corresponding purchasing area (category or group of materials, works or services). Each supplier seeking pre-qualification must confirm their familiarisation with the Code of Ethics and agree to comply with it. The Group notifies pre-qualified suppliers of new purchases and invites them to participate in the competitive procurement process.

Metinvest is committed to creating supply chain capable of tracking the origin of goods in order to assess and control the associated risks. In mid-2018, the Group introduced a mandatory pre-contractual supplier assessment. In 2019, around 11,000 pre-contract assessment procedures were conducted, during which Metinvest assessed suppliers' technical, financial and organisational capacities, supply chain, staffing and equipment safety via field visits and documentary review.

The Group reserves the right to disqualify suppliers for a specified period or indefinitely in the event of unfair business with its companies. In 2019, around 60 suppliers were disqualified. Disqualification criteria are published on Metinvest's website. The Group notifies counterparties of the reasons and terms of their disqualification so as to provide feedback and give them the opportunity to improve their corporate governance culture to comply with high ethical standards and eliminate any deficiencies.

GOVERNANCE CODES AND POLICIES CONTINUED

ANTI-MONOPOLY COMPLIANCE



Metinvest complies with all competition laws in the countries where it operates. The need to comply with requirements for fair competition is spelled out in the Group's Code of Ethics. The Group has approved anti-trust compliance policies that are in place at its largest enterprises. Metinvest's legal team has set up an anti-monopoly compliance unit and introduced procedures that allow for monitoring compliance with anti-monopoly laws. This reduces the likelihood of such risks and their materiality. No fines and/or sanctions for anticompetitive behaviour were imposed on the Group during the reporting period.

Metinvest follows the requests and requirements of relevant anti-monopoly authorities. Its lawyers are responsible for collecting and systematising information, as well as monitoring the timing and completeness of information provided in response to such requests and requirements. In addition, the Group's lawyers analyse the need for preliminary approval of the anti-monopoly authorities when it participates in M&A transactions and works with the relevant authorities on such projects as needed.

Further, management training is held on an annual basis to provide instruction on the identification and prevention of actions that may be indicative of competitive violations.

AML/CFT



Metinvest's Procedure on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requires obligatory compliance due diligence checks of all counterparties, including for watchlists covering sanctions, terrorism, money laundering, dual/military-use products, corruption and other areas of interest. Additionally, automatic sanctions checks are in place for all counterparties registered in SAP MDG (Metinvest's counterparties pool).

In 2019, Metinvest also checked 566 transactions for risk of violation of economic sanctions and AML/CFT regulations, of which 22 resulted in a ban on cooperation.

ANTI-CORRUPTION AND ANTI-BRIBERY



Many of the countries where Metinvest operates have adopted anti-corruption laws that seek to prevent companies and individuals from gaining undeserved benefits. The Group strictly follows these laws in its daily operations. Metinvest does not offer or take bribes, nor does it promote corruption. The Group is committed to working with counterparties and business partners whose reputation is not associated with corruption and bribery. For this purpose, Metinvest's Code of Ethics specifies the rules that all employees must follow in terms of anti-corruption and anti-bribery.

In 2019, an audit of procurement and sales processes was conducted, and potential areas of fraud and corruption risks were identified. The level of effectiveness of existing preventive measures was tested and corrective measures were proposed to minimise risks. The audit included an overall assessment of the organisation, as well as the internal control environment and risk management in the above-mentioned processes throughout the Group.

The audit confirmed that the procurement management was performed according to the principles of categorisation, the procurement process had the required level of automation, the principle of segregation of duties proved to be implemented, the goal-setting process was organised at a high level and no conflicts of interest were identified for key procurement personnel. Out of four possible levels of importance (critical, high, medium and low), the audit recommendations were predominantly in the low category. Based on the audit results, the management approved the recommendations, which were implemented to improve the efficiency of the procurement processes. The internal audit department regularly monitors the implementation of these recommendations.

In addition, the list of job positions with high-risk of potential fraud and corruption violations was updated and expanded, and additional risk management measures were introduced during the reporting period.

Metinvest performs mandatory anti-corruption verification of suppliers and customers, while operations with representatives of the public sector and programmes for financing social projects receive special scrutiny.

All internal and external candidates for senior and high-risk positions are subject to mandatory internal security screening. Former government officials and politicians are subject to more detailed verification.

In 2019, there were no reported and confirmed cases of corruption violations.