

## CORPORATE GOVERNANCE

# GUIDED BY INTERNATIONAL PRINCIPLES

While a privately held business today, Metinvest recognises the importance of adhering to the highest standards of corporate governance. Over more than a decade and a half, the Group has built a robust governance system based on international best practices.

**CORPORATE GOVERNANCE SYSTEM**

Metinvest has established a corporate governance system designed to ensure effective stewardship. By focusing on oversight, disclosure and engagement, the Group aims to serve the interests of all stakeholders and further strengthen its reputation in the global community.

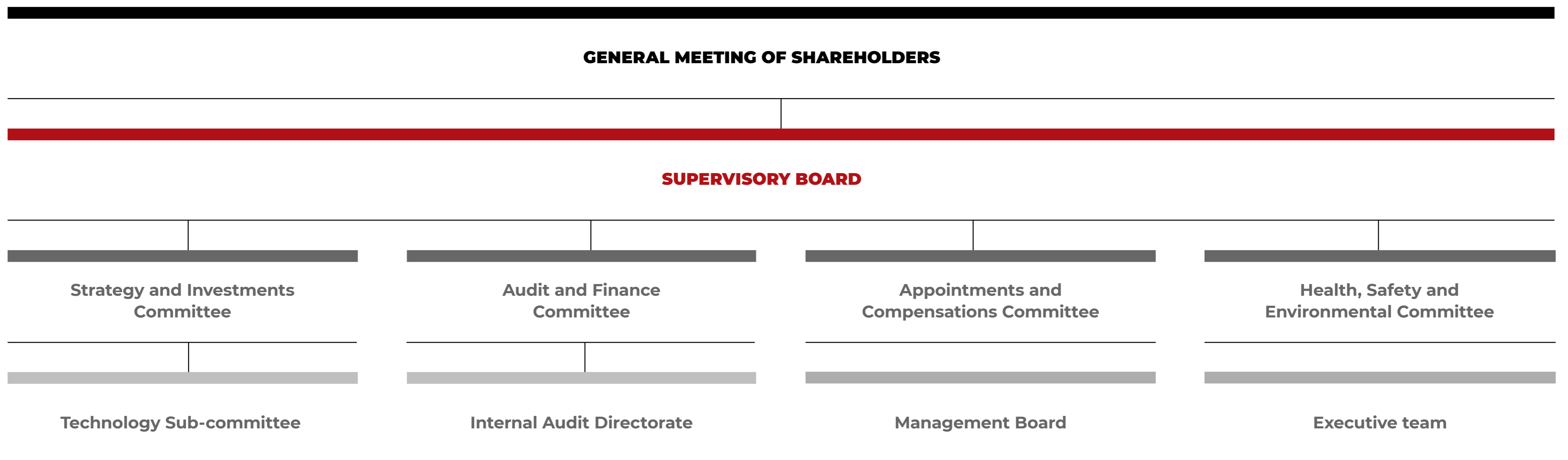
**GOVERNANCE PRINCIPLES**

Metinvest conducts oversight based on a set of core principles: specialisation, vertical integration, unified strategic management, centralisation, growth and investments, global best practices, tradition and innovation, commitment to leadership and personal commitment.

**CORPORATE GOVERNANCE STRUCTURE**

Metinvest B.V.'s corporate governance structure is built in accordance and compliance with Dutch law. It comprises the General Meeting of Shareholders, Supervisory Board and Management Board. On the Group level, the executive team supports operations.

GRI 102-18



## SHAREHOLDERS

As at 31 December 2021 and throughout the periods presented in this report, Metinvest B.V. was 71.24%-owned by SCM Limited (Cyprus) (Class A shares) and 23.76% by companies of the Smart Group (Class B shares). The remaining 5% interest (in the form of Class C shares) has been acquired from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after the receipt of respective governmental approvals, if such will be necessary), and in such a manner that the ultimate interest of SCM in Metinvest B.V. shall be 75% minus 1 share, and the ultimate interest of SMART in Metinvest B.V. shall be 25% plus 1 share, thus SCM remaining as the controlling shareholder.

## GENERAL MEETING OF SHAREHOLDERS

Under Dutch law and the Articles of Association of Metinvest B.V., the General Meeting of Shareholders is authorised to resolve the following matters, among others: to issue shares; to exclude or limit pre-emptive rights; to acquire shares and to transfer shares in the capital of Metinvest B.V. held by Metinvest B.V.; to reduce the share capital; to determine the remuneration of the Management Board; to adopt the annual accounts; to allocate profits; to amend the Articles of Association; to approve material transactions of over US\$500 million; to approve mergers and acquisitions to be undertaken by the Group; and to dissolve, merge or demerge Metinvest B.V.

In 2021, the meetings convened 29 times to discuss and take decisions of shareholders on a wide range of matters, including but not limited to: financial statements; external financing; mergers and acquisitions; and material transactions.

## SUPERVISORY BOARD

The Supervisory Board has ten members as of 1 August 2022, including:

- seven A-Members appointed by the Class A and Class C shareholders
- three B-Members appointed by the Class B shareholders

### GRI 102-24

A member of the Supervisory Board is appointed for an indefinite period, unless otherwise specified in the decision concerning their appointment.

Each member of the Supervisory Board may be suspended or dismissed at any time by the same body that has the right to appoint them.

Suspension may be extended one or more times, but in general it cannot last more than three months. If, at the end of the period, a decision has not been made to terminate the suspension or to dismiss them, the suspension shall end.

### GRI 102-19; 102-26; 102-29

The Supervisory Board is responsible for overseeing the activity of the Management Board and the general course of affairs at Metinvest B.V. and the Group overall, including sustainability matters. It approves and updates corporate values, strategies, policies and goals related to the economic, environmental and social aspects of the Group as a whole.

The Supervisory Board also assists the Management Board by giving advice. Four committees assist the Supervisory Board in its work: the Strategy and Investments Committee; the Audit and Finance Committee; the Appointments and Compensations Committee; and the Health, Safety and Environmental Committee.

Decisions relating to the following matters, among others, must be approved or ratified by a resolution of the Supervisory Board: the Group's strategic goals; the Group's investment programme for each calendar year; the Group's annual business plan; appointments at the level of top management, approval of their compensation system and key performance indicators (KPIs), and decisions on annual bonuses; the appointment of an independent external auditor; approval of the annual consolidated financial statements of Metinvest B.V. and recommendation to the shareholders on approval of the standalone financial statements of Metinvest B.V. and all mergers and acquisitions to be undertaken by the Group; approval of investment projects with budgets over US\$20 million (up to US\$500 million), material transactions of over US\$100 million (up to US\$500 million), external financing of over US\$30 million, if included in the annual financing programme approved by the Supervisory Board, and any financing transaction regardless of the amount if they are not included; approval of the annual plan for the Supervisory Board's activities; and approval of the regulations of the committees of the Supervisory Board.

In 2021, the Supervisory Board convened 30 times and discussed and took decisions on a wide range of matters, including: annual business planning; investment projects; the financial statements; the annual report; the appointment of an independent external auditor; the compliance programme; external financing; material transactions; mergers and acquisitions; social projects; health, safety and the environment; performance appraisals; remuneration; and other material corporate events.

### GRI 102-27

Special strategic sessions are held for the Supervisory Board to increase its capacity to successfully address material issues, including sustainability. The format varies from workshops to training sessions and discussions on the achievement of Metinvest's strategic initiatives and objectives.



## STRATEGY AND INVESTMENTS COMMITTEE

The Committee's main responsibility is to conduct reviews and provide recommendations to the Supervisory Board regarding the Group's strategic objectives, including existing and new businesses, investments, mergers and acquisitions. It is assisted by the Technology Sub-committee, which advises and supports the management in developing and implementing the technological strategy.

In 2021, the Strategy and Investments Committee convened six times and discussed the following matters, among others: macroeconomic and industry trends; operations and development programmes; the overall capital investment programme and individual

projects; the quality management system; and business planning.

During the reporting period, the Technology Sub-committee convened eight times and discussed the following matters, among others: the overall capital investment programme and individual projects; the environmental agenda; the operational improvement programme; the digital transformation of the Group's assets; and Metinvest's strategic development.

## AUDIT AND FINANCE COMMITTEE

The Committee is tasked with ensuring the ongoing supervision of all aspects of Metinvest's financial and audit activities in the interests of the shareholders and on behalf of the Supervisory Board. Its main

responsibilities include overseeing the budget, financial reporting, risk management, internal controls, the internal audit function and assessment of the external auditor. It is assisted by the Internal Audit Directorate.

In 2021, the Audit and Finance Committee convened nine times and discussed the following matters, among others: internal audit reporting matters; external auditor selection for the 2021 financial year; the financial statements for the 12 months ended 31 December 2020 and the six months ended 30 June 2021; the annual report for 2020; the compliance programme; external financing; material transactions; working capital management; currency exposure and hedging opportunities; insurance programmes; tax issues; and risks, opportunities and disclosures related to climate change.

## APPOINTMENTS AND COMPENSATIONS COMMITTEE

The Committee is responsible for making recommendations to the Supervisory Board regarding dismissals and new appointments for senior positions at Metinvest; KPIs and annual bonuses for senior management; and the Group's motivation, assessment and reward systems and succession planning.

In 2021, the Appointments and Compensations Committee convened six times and discussed the following matters, among others: performance evaluations; the motivation system for senior executives; payroll and headcount budgeting; the integrated communications system; the remote work transformation project; Ukrainian labour market trends; HR strategy; staff recruitment and retention programmes; Metinvest Polytechnic; employee development programmes; and non-monetary compensation.

## HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE

The Committee's remit is to support the executive team in implementing and maintaining the highest standards of health, labour and environmental safety culture throughout the business. On behalf of the Supervisory Board, it oversees strategy, policies, systems, controls and principles related to health, safety and the environment.

In 2021, the Health, Safety and Environmental Committee convened four times. It discussed the following matters, among others: health and safety performance; industrial safety at newly acquired assets; health and safety roadmap implementation; incident investigations; environmental management; and climate risk management.

GRI 102-22

### Composition of the Supervisory Board and its committees as of 1 August 2022<sup>1</sup>

	Status	Class membership	Strategy and Investments Committee	Audit and Finance Committee	Appointments and Compensations Committee	Health, Safety and Environmental Committee
<b>Oleg Popov</b>	Chairperson	A	<b>M</b>		<b>C</b>	
<b>Alexey Pertin</b>	Deputy Chairperson	B	<b>C</b>		<b>M</b>	
<b>Christiaan Norval</b>	Member	A	<b>M</b>	<b>C</b>		<b>M</b>
<b>Johan Bastin</b>	Member	A	<b>M</b>	<b>M</b>		
<b>Damir Akhmetov</b>	Member	A	<b>M</b>			
<b>Gregory Mason</b>	Member	B	<b>M</b>			<b>C</b>
<b>Mikhail Novinskii</b>	Member	B	<b>M</b>	<b>M</b>		
<b>Yaroslav Simonov</b>	Member	A		<b>M</b>	<b>M</b>	
<b>Margaryta Povazhna</b>	Member	A				<b>M</b>
<b>Sergii Zuzak</b>	Member	A	<b>M</b>			<b>M</b>

**M** Member

**C** Chairperson

<sup>1</sup> In 2022, after the reporting period, there were several changes to the Supervisory Board's composition, including the resignations of Natalia Izosimova and Avetik Chalabyan, and the appointments of Margaryta Povazhna and Sergii Zuzak.

## MANAGEMENT BOARD

The Management Board consists of two Directors: Director A is appointed by a joint meeting of holders of Class A shares and holders of Class C shares; Director B is appointed by a meeting of holders of Class B shares.

Under Dutch law, the Management Board is responsible for the management of Metinvest B.V., including economic, environmental and social considerations, excluding those matters that are within the remits of the General Meeting of Shareholders and the Supervisory Board.

Under its Articles of Association, Metinvest B.V. may be represented by the entire Management Board only (that is, Director A and Director B, acting jointly). In performing their duties, the Directors must act in the best interests of Metinvest B.V. and its business. The Articles of Association of Metinvest B.V. do not determine a specific term of office for members of the Management Board.

Director A and the CEO is Yuriy Ryzhenkov. In May 2021, Eliza Désirée den Aantrekker was appointed as Director B in place of ITPS (Netherlands) B.V.

## EXECUTIVE TEAM

The executive team is responsible for overseeing, coordinating and executing the day-to-day activities of Metinvest, as well as for implementing the strategic decisions of the Supervisory Board and its committees with respect to a broad scope of matters, including economic, environmental and social ones.

## EXECUTIVE PERFORMANCE EVALUATION AND REMUNERATION

GRI 102-28; 102-35

The Supervisory Board annually sets team goals for senior management, as well as personal goals for the CEO, who allocates them to each member of the executive team in accordance with their job functions, subject to approval of the Supervisory Board.

These goals are incorporated into a KPI scorecard, where each target is weighted based on a manager's ability to influence its achievement. After a year-end, the Supervisory Board conducts an annual performance appraisal for members of the senior management based on their self-assessment.

Contracts with members of the senior management do not provide for any pension or other benefits upon termination of service.

For additional information please see Note 25 to the Summary IFRS Consolidated Financial Statements 2021.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Metinvest maintains worldwide directors' and officers' (D&O) liability insurance for all entities, renewing it annually. This type of insurance covers the liability of everyone appointed as a director and/or officer of a Group entity, including, but not limited to, members of the Supervisory Board, Management Board and executive team.

D&O liability insurance provides cover for financial losses and legal expenses resulting from claims made against directors and/or officers arising from an actual or alleged wrongful act committed in their capacity. Key areas of cover include management liability, pre-claim insurance, special excess protection for directors, company securities liability and additional extensions.

Metinvest relies on global insurance brokers to arrange D&O liability cover, which is provided by reputable, international insurers.