


CORPORATE GOVERNANCE

CORPORATE GOVERNANCE APPROACH AND PRINCIPLES

Since its foundation, Metinvest has worked to build a lasting corporate governance system that provides sound and efficient stewardship for the Group. The result is a corporate governance structure that ensures astute management decisions, serving the interests of all stakeholders and guaranteeing that current and prospective partners can be confident of Metinvest's integrity and sustainability as a business.

We strive to adhere to the highest standards of corporate governance and recognise the importance of continuous improvements. Thus, guided by the principles of ethics and compliance, we are constantly looking for ways to make our business even more open and transparent. To this end, we benchmark our corporate governance institutions against international best practice and regularly review innovations in governance introduced by the world's leading exchanges.

Our approach to corporate governance is underpinned by appropriate codes and policies. These include the Group's Code of Ethics, Compliance Programme, Policy on Supplier Selection, Procedure on Anti-Money Laundering and Countering the Financing of Terrorism, and Procedure for Declaring Conflicts of Interest, among others.

 For further information and a detailed description of each policy, please refer to pages 70-73 of Metinvest's 2019 Annual Report.

The Group conducts oversight based on nine core principles of management, which reflect the sophistication of Metinvest's vertically integrated structure and business model. The principles are clearly aligned with the Group's strategy and they are:

Specialisation

Vertical integration

Unified strategic management

Centralisation

Growth and investments

Global best practices

Tradition and innovation

Commitment to leadership

Personal commitment

 For further details and a description of each principle, please refer to page 62 of Metinvest's 2019 Annual Report.

SHAREHOLDERS

As at 31 December 2019, Metinvest B.V. was owned 71.24% by SCM (Class A shares) and 23.76% by SMART (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, with SCM remaining as the controlling shareholder.