



NLMK Group

APPROVED BY

the Board of Directors
of Public Joint Stock Company Novolipetsk Steel

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CORPORATE ETHICS CODE OF NLMK GROUP
(revised)

Lipetsk
2018

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Article 1. SCOPE OF APPLICATION

1.1. Public Joint Stock Company Novolipetsk Steel (hereinafter referred to as “the Company” or “NLMK:”) and its subsidiaries and affiliates (hereinafter referred to as “NLMK Group”) are convinced that an honest and open interaction with business partners and the community, adherence to leading corporate governance practices and standards of business ethics and maintenance of a corresponding corporate culture are instrumental in strengthening NLMK Group’s goodwill and its position in the international metals market.

In view of this, NLMK Group not only observes the applicable legislative provisions but also establishes and adheres to additional ethical principles and rules of business practice.

1.2. This Corporate Ethics Code of NLMK Group (hereinafter – the Code) establishes the corporate ethics values and principles of NLMK Group.

1.3. This Code is developed in accordance with the requirements of prevailing legislation and with due regard to universally accepted standards of business conduct and ethics.

1.4. The Code is an open-access document. It is published on the official websites of NLMK Group companies.

1.5. Members of the Board of Directors and all employees of NLMK Group irrespective of their position, occupation or nature of their work shall know and observe the provisions of this Code.

Article 2. Definitions

This Code references the terms defined as follows:

2.1. **NLMK Group:** NLMK and all legal entities directly and (or) indirectly controlled by NLMK.

2.2. **Prevailing legislation:** The constitution of the Russian Federation, international treaties concluded by the Russian Federation, legislation of the Russian Federation, as well as legislative and regulatory legal acts of foreign states applicable to NLMK Group and/or its employees due to relevant circumstances (e.g. carrying out activities in the territory of a specific state, terms and conditions of a contract with a foreign counterparty, etc.).

2.3. **Public official:**

- Civil officer (Federal or Russian Federation constituent entity officer).
- Person holding (serving):
 - A public position in the Russian Federation.
 - A position of a member of the Board of Directors of the Central Bank of Russia.
 - A public position in a constituent entity of the Russian Federation.
 - Judge or another person who performs organizational and executive, administrative and business functions in judicial authorities of the Russian Federation, constituent entities and municipalities of the Russian Federation (incl. Justice of the Peace).
- Municipal officer.
- Military officer.
- Law enforcement officer.
- Member of governing or other bodies of a political party.
- Foreign officer (an officer of a foreign state, acknowledged as such by the applicable legislation).

- Person who performs organizational and executive, administrative and business functions in an international public organization (including the IMF, UN, World Bank, etc.).

2.4. **Employee:** an individual who entered into labour relations with NLMK Group.

Article 3. Basic ethical values

NLMK Group gives priority to the following basic ethical values for the Group and its employees:

- **Human rights:** NLMK Group recognizes the inviolability of human rights, keeps them inviolate and builds its decision-making system in compliance with NLMK Group’s Human Rights Policy.
- **Observation of legislation:** NLMK Group and its employees shall meet the requirements of Russian and other prevailing legislation, industrial and corporate regulations, standards and procedures.
- **Transparency and honesty:** NLMK Group honours its commitments to its counterparties and employees, maintains its reputation as a reliable business partner and ensures transparency of its transactions and operations.
- **Efficiency:** NLMK Group strives for continuous improvement of its operational efficiency, i.e. by improving its corporate governance system, production processes and introducing innovative technologies.
- **Mutual respect and professional approach:** NLMK Group employees are one of the core values of NLMK Group; their competence, trust, friendliness, cooperation and team spirit make it possible to reach the objectives the Group sets and ensure sustainable development of the Group.
- **Safety and social responsibility:** NLMK Group ensures that all its production processes comply with occupational health and safety requirements, adheres to the policy of social responsibility to its employees and the population of the regions where NLMK Group operates, and takes environmental protection measures.

Article 4. Key ethical principles

NLMK Group’s ethical principles fall into seven main areas:

- Relations with NLMK Group employees.
- Interaction with business partners and counterparties.
- Relations with other stakeholders.
- Relations with competitors and other market players.
- Environmental protection, occupational health and safety, improvement of energy efficiency.
- Relations with mass media.
- Control and risk management.

4.1. Relations with NLMK Group employees

NLMK Group recognizes the labour rights of its employees as an integral part of human rights, ensures and guarantees its employees the opportunity to exercise their rights under law, collective labour agreements and other bylaws, does not create any obstacles to exercising those rights, including:

- Forging a relationship with its employees based on social partnership, encouraging their drive to work efficiently and productively, acknowledging the right of its employees to a

fair and economically justified remuneration for the products of their labour, helping its employees bring out their professional and personal skills, develop professionally and advance in their career.

- Recognizing its employees' right to enter into collective agreements and their right to freedom of association.
- Ensuring that its employees work in safe working conditions, which are not damaging to health and human dignity, and taking measures aimed at reducing the risk of accidents and occupational disease.
- Precluding any discriminatory policy, guaranteeing that its employees are treated with respect, have equal rights and opportunities irrespective of their gender, age, race, nationality or religious persuasions.
- Precluding and repudiating any use of forced labour and employment of children.
- Providing an opportunity to engage in dialogue with, and get feedback from, the management of NLMK Group companies, providing its employees access to information, which may only be restricted by law and competitive conditions, taking their proposals, requests and complaints into account.
- Prohibiting its employees from using any insider information on NLMK Group for private gain, prohibiting them from sharing such information with any third party, compelling its employees to observe confidentiality agreements, trade secrets, and the procedure for disclosing information to outside stakeholders in accordance with regulatory internal corporate documents.
- Striving to prevent labour disputes and conflicts, taking part in open collective bargaining with its employees and acknowledging that the parties to social partnerships have a shared responsibility; being committed to resolving employment issues that may arise out of the decisions NLMK Group takes, cooperating with executive bodies, associations of employers and employees and other organizations on the regulation of labour relations, employment and workforce utilization.
- Ensuring close interaction with its employees and implementing measures aimed at detecting, preventing and fighting corrupt practices and corporate fraud based on the principles and rules of international law, international treaties, applicable anti-corruption laws, principles and requirements of NLMK Group's Anti-Corruption Policy and internal corporate documents.
- Obeying statutorily prescribed rules and procedure for processing employee personal data.

4.2. Interaction with business partners and counterparties

In its relations with counterparties and business partners, NLMK Group:

- Aims to maintain long-term partnership with them based on mutual respect and assistance, fulfilment of contractual obligations in good faith, while demanding the same from its business partners and counterparties.
- Ensures a bona fide, open and transparent process of selecting its business partners and counterparties without fear or favour.
- Does not abuse relations with business partners in order to gain any unfair advantage for itself or other parties.

Adhering to the principle of due diligence, NLMK Group makes reasonable efforts to reduce risk, which aim to preclude any interaction with business partners and counterparties that do their

business in violation of the requirements of prevailing legislation (including anti-corruption laws) and/or accepted standards of corporate ethics.

4.3. Relations with other stakeholders

NLMK Group recognizes partnerships that involve long-term, trust-based and mutually beneficial relationships with its stakeholders, including shareholders and investors, public authorities, the society and NPOs, as one of the key development drivers instrumental in attaining its strategic objectives.

By meeting high standards of corporate governance and business ethics, honouring its commitments, and engaging in constructive dialogue with its shareholders and investors, NLMK Group strives to maintain a high level of shareholder and investor confidence.

NLMK Group ensures the soundness, safety and accrual of shareholder and investor assets, takes into account shareholder and investor requirements, claims, proposals and expectations, guarantees open access to information, which may only be restricted by applicable laws and competitive conditions.

NLMK Group maintains sustainable official relations with public authorities in strict compliance with the international law, international treaties and laws applicable in the country where NLMK Group operates.

Relations with public officials shall be based on the principles laid down in NLMK Group's Anti-Corruption Policy.

NLMK Group does not take part in financing political parties or movements.

NLMK Group reasonably supports the efforts of public authorities, society, NPOs and citizens' initiative for social and cultural development in the regions where NLMK Group operates, and for the preservation of cultural heritage, contributes to, and does not prevent its employees from contributing to, social causes whose general objective is to develop the surrounding community.

NLMK Group respects citizens' rights and interests of NPOs in the regions where NLMK Group operates.

In line with its priorities, NLMK Group has a stake in non-profit businesses, sectoral, national and international organizations and supports their initiatives.

4.4. Relations with competitors and other market players

NLMK Group strives for an honest competition and repudiates any manifestation of unfair competition, abuse of a dominant or monopoly position, and refuses to make any agreement with competitors, which may, in effect, be regarded as restricting competition or contravening anti-monopoly legislation.

4.5. Occupational health and industrial and fire safety, environmental protection, improvement of energy efficiency

In the course of its business, NLMK Group complies with the requirements of prevailing legislation on occupational health, industrial and fire safety and environmental protection. The objectives, principles and commitments to environmental protection adopted by NLMK Group are set out in NLMK Group's Environmental Policy.

NLMK Group creates and maintains safe working conditions for its employees and representatives of its counterparties who work at the production facilities of NLMK Group companies. The respective principles and commitments are set out in NLMK Group's Occupational Health and Safety Policy.

NLMK Group creates conditions and implements measures aimed at utilizing energy resources economically and reducing the cost of generating and procuring them for production needs. NLMK Group's corporate principles and commitments are set out in its Energy Policy.

4.6. Relations with mass media

NLMK Group publishes all necessary and sufficient information about its business in open access sources.

NLMK Group manages its mass media relations in accordance with its internal corporate document that regulates the procedure for providing the basic data necessary for the preparation of publicity materials by the press office.

4.7. Control and risk management

When planning, arranging for and performing their functions NLMK Group's managers and employees adhere to the following principles:

- Try to foresee the risks related to the Group's business and manage them to achieve the objectives that the shareholders set for NLMK Group.
- Develop a reliable internal control system that ensures the soundness of NLMK Group's assets and a cost-conscious attitude towards them, as well as the reliability of information disclosed to shareholders and other users of reports.

Article 5. Consultation on corporate ethics and feedback

In the event that the employees of NLMK Group should have questions about the provisions of this Code or doubt that what they do is in compliance with the standards of corporate ethics, they may seek a consultation with their line manager and/or persons responsible for anti-corruption work at NLMK Group enterprises.

Any employee of NLMK Group, any counterparty of NLMK Group and any stakeholder that has questions about the application of, or compliance with this Code, or possesses information that an employee or counterparty of NLMK Group has violated the principles and requirements of this Code, can write to ethics@nlmk.com or use any of the channels of communication specified on NLMK's official website at <http://nlmk.com/ru/responsibility/social-responsibility/anticorruption/>.

All messages received will be considered promptly and objectively, with the final decision on them to be taken by NLMK Group's Risk Management Committee.

Article 6. Training and informing

NLMK Group incorporates online corporate training courses on the subject matter of the given Code into employee competency development and assessment programmes. NLMK Group offers all interested employee the opportunity to freely access these corporate courses.

NLMK Group informs its employees about the principles and standards set out in this Code, the measures it takes and the results achieved, as well as about its online corporate training courses, by posting this Code on the Group's official website, publishing information in the corporate media, spreading awareness-raising materials, or through other disclosure channels.

Article 7. Procedure for making amendments to the Code, revising and cancelling it

In the event that any amendments or additions are made to the prevailing legislation, other laws and regulations or law enforcement practice, principles and requirements of NLMK Group, this Code shall be revised and updated based on the resolution by the Board of Directors according to the Company-established procedure.

Article 8. Accountability

Each employee of NLMK Group shall obey this Corporate Ethics Code of NLMK Group when they discharge their official duties. NLMK Group employees bear personal accountability for violation of any ethical principles and requirements of the Code.

NLMK Group regards the observation of the established standards of corporate ethics by its employees as an important professional competency.

NLMK Group employees who violate the established ethical principles and requirements may face disciplinary or administrative action, civil or criminal liability at the instigation of NLMK Group companies, law enforcement agencies or other parties according to relevant procedure and on grounds stipulated by the prevailing legislation, charters and bylaws of NLMK Group enterprises.

The responsibility for organizing and supervising the compliance with the requirements of this Code lies with the President (Chairman of the Management Board) of the Company.