



**Public Joint Stock Company
NOVOLIPETSK STEEL**

APPROVED

The President (Chairman of the Management Board)

“ 01 ” March 2021

POLICY

On the Antimonopoly Compliance

Policy LG-162-0003-2021

(Replaces the Antimonopoly Compliance Policy approved on 15.04.2020)

Effected by an official Order dd. “ 01 ” March 2021 No. 1-182-P-OD

Enacted as of “ 01 ” March 2021

1. APPLICATION

The present Antimonopoly Compliance Policy (hereinafter, the 'Policy') defines goals, objectives, principles of operation, describes the structure, distribution of duties and powers of antimonopoly compliance entities and provides for the introduction of measures to prevent and control violations of the antimonopoly legislation.

This Policy has been developed in line with the applicable legislation of the Russian Federation on competition protection, law enforcement practice in the field of antimonopoly legislation and best international practices.

This Policy has been developed with due account of the requirements of Art. 9.1 of Federal Law No. 135-FZ "On Protection of Competition" (2.1.1) to effect appropriate arrangements on the antimonopoly compliance.

2. REFERENCE DOCUMENTS¹

2.1. The following documents are referenced herein:

2.1.1. Federal Law No. 135-FZ dd. 26.07.2006 "On Protection of Competition";

2.1.2. Methodological recommendations for the implementation of internal control of compliance with antimonopoly legislation, legislation on state defense orders and legislation regulating procurement activities, approved by Order No. 795-r dd. 26.04.2017 by the Government of the Russian Federation;

2.1.3. The International Chamber of Commerce's Practical Manual on Antimonopoly Compliance.

3. TERMS AND DEFINITIONS

3.1. The following terms are used herein in accordance with the definitions (ref. **Appendix A**) provided for in the Unified Corporate 'Terms and Definitions' Glossary posted on the corporate portal in the section titled 'Services\General Services\Regulatory documents': **business process; entity/company:**

3.2. Additionally, the following terms with the respective definitions are used herein (see **Appendix A**): **antimonopoly compliance; antimonopoly legislation; antimonopoly authority; antimonopoly risk; antimonopoly compliance manager; antimonopoly risk owner; interchangeable goods; dominant (dominance); cartel; competitor; collective dominant position (collective dominance); corporate risk management system (CRMS); compliance subdivision; employee.**

4. GENERAL PROVISIONS

The public joint-stock company "Novolipetsk Steel" (hereinafter, the 'Company'), being the world leader of the steel industry and taking into account the possible degree of influence both on the commodity markets of presence and on the related commodity markets, carries out systematic work to improve approaches to identification, management, control of risks of

¹ When using this document, it is necessary to check if the reference documents are still in force, in the common information system, i.e. at the official site of the RF national body on standardization on the Internet or in the official electronic base of the developer of the reference. If the reference standard has been modified (superseded), the superseding standard shall be applied when using the present document. If the referenced standard is cancelled and not replaced, then the regulation referring thereto shall be used to the extent not considering that reference.

actions prohibited by antimonopoly legislation and entailing a negative impact on competition (antimonopoly compliance).

This Policy has been developed in line with the applicable legislation of the Russian Federation on competition protection, law enforcement practices in the field of antimonopoly legislation, the Practical Manual of the International Chamber of Commerce on antimonopoly compliance (2.1.3), Methodological recommendations for the implementation of internal control of compliance with antimonopoly legislation, legislation on state defense orders and legislation regulating procurement activities, approved by Order No. 795-r (2.1.2) of the Government of the Russian Federation, the Regulations for the functioning of the corporate risk management system [1] (**Appendix B**), as well as other local regulations of the Company.

This Policy serves the basis for the development of internal methodological and administrative documents regulating processes related to the antimonopoly compliance.

5. PURPOSE AND OBJECTIVES OF THE ANTIMONOPOLY COMPLIANCE

5.1. The key objectives of the Company's antimonopoly compliance are:

- increasing the efficiency of activities by reducing the impact of antimonopoly risks on the implementation of business processes and the achievement of operational and strategic goals through the introduction of effective control procedures for the management of the antimonopoly risks;
- ensuring full compliance of activities with the requirements of the antimonopoly legislation, prevention and avoidance of violations of the antimonopoly legislation;
- maintaining a culture of the antimonopoly compliance among employees;
- ensuring that the Company's management, the Board of Directors and shareholders are fully informed about the identified risks and the results of the antimonopoly compliance function.

5.2. The Antimonopoly compliance is aimed at resolving the following:

- introduction of regulated procedures aimed at improvement of the Company's corporate governance in terms of the antimonopoly risk management;
- improvement of processes for identification, assessment, prevention and minimization of the antimonopoly risks;
- improvement of internal mechanisms of control over observance of the antimonopoly legislation, and settlement of consequences of the realized antimonopoly risks;
- improving the processes of control over the functioning of the system of internal compliance with the requirements of the antimonopoly legislation;
- ensuring that employees are fully aware of relevant antimonopoly risks and that all employees have access to information about the existing risks and controls.

6. PRINCIPLES OF THE ANTIMONOPOLY COMPLIANCE FUNCTIONING

The basic principles of the antimonopoly compliance are:

- integration into the CRMS. The Antimonopoly compliance is an integral part of the CRMS and is based on the functional principles of the CRMS, as described in the Corporate Risk Management System (CRMS) Operational Regulations [1];
- zero tolerance for antimonopoly violations. The Antimonopoly compliance is aimed at the formation of a corporate culture of zero tolerance towards violations of the requirements of the antimonopoly legislation;

- compliance by design. The Company shall proactively assess and take into account antimonopoly risks when setting strategic and operational goals, introducing new or changing existing business processes, changing approaches to pricing, as well as when expanding or changing the geography and assortment of the supplied and purchased products;
- involvement of the Compliance Subdivision. The Compliance Subdivision is engaged to assess potential antimonopoly risks as part of the operational and strategic activities, as well as to advise employees on all issues related to antimonopoly regulations and the application of the law on the protection of competition;
- independence, adequacy of powers and resources of the Compliance Subdivision. To prevent conflicts of interest, the Compliance Subdivision in the course of its activities is structurally separated from subdivisions that carry out operational, support or economic activities, as well as from the internal audit subdivisions. The Compliance Subdivision has sufficient powers, including access to information, necessary to build an effective antimonopoly compliance function;

7. CONSTITUENTS OF THE ANTIMONOPOLY COMPLIANCE

7.1. Local regulatory acts

The regulatory basis for the functioning of the antimonopoly compliance is this Policy and other local regulations in the field of the antimonopoly compliance and risk management.

7.2. Antimonopoly risk identification and assessment

On a regular basis, at least once a year, the Company identifies and updates the antimonopoly risks associated with all significant aspects of the Company's activities, assesses the degree of their impact on the implementation of business processes and the achievement of the Company's operational and strategic goals, as well as the materiality of the negative consequences caused by their implementation.

When assessing the antimonopoly risks, the Company's employees apply the Regulations on the Antimonopoly Risk Management [2].

7.3. Antimonopoly risk management measures

Based on the results of the assessment of antimonopoly risks, the Company applies measures to minimize them within the framework of existing business processes through the adoption of appropriate regulations and procedures, as well as the introduction of the relevant functionality of the IT systems used in operational activities that limit the possibility of implementing the risk. Controls are aimed at preventing and minimizing the possibility of implementing an antimonopoly risk.

Measures to manage the antimonopoly risks are implemented at the strategic (corporate) and operational (process) levels. The measures are developed with due account of the balance of achieving the company's goals and strategic objectives and compliance with the requirements of the antimonopoly legislation. The choice of intensity (form, volume, complexity, duration, frequency) of antimonopoly risk management and control measures is selected taking into account the criticality category of a particular risk or area of business for the company.

7.4. Information, communication and training

The Company develops effective communications between divisions and companies that form a group of entities for the purpose of compliance with the antimonopoly legislation, to exchange information that affects the implementation of the antimonopoly risks.

Distribution of information and communication are carried out through the Internet, the Corporate University and specialized training events for employees. Each employee of the Company has the opportunity to directly seek the necessary advice regarding the application of the antimonopoly legislation and/or the functioning of the antimonopoly compliance directly to the Compliance Subdivision in any way at their disposal.

The Company systematically conducts trainings for the Company's employees on issues related to antimonopoly risks. The employees are trained via the NLMK's Corporate University. The Compliance Subdivision is responsible for the formation and implementation of training courses, their frequency and the audience coverage.

7.5. Monitoring and efficiency evaluation

The Company regularly monitors and evaluates the effectiveness of the antimonopoly compliance in the manner prescribed by the Regulations on the Antimonopoly Risk Management [2].

Reporting based on the evaluation of the effectiveness and adequacy of the antimonopoly compliance should comply with the principles of completeness, timeliness, prudence and priority of content over the form.

7.6. Antimonopoly Compliance Manager

The Antimonopoly Compliance Manager is an official of the Company and an employee of the Compliance Subdivision. The Compliance Subdivision is a subdivision in charge of the functioning and continuous improvement of the antimonopoly compliance. The Compliance Manager is the center of competence on the matters concerning the implementation and functioning of the antimonopoly compliance.

8. AGENTS OF THE ANTIMONOPOLY COMPLIANCE

8.1. The Antimonopoly compliance implies a multi-level system for identifying and managing antimonopoly risks.

8.2. The following entities take part in the management of antimonopoly risks in the Company and other companies that form a group of entities with the Company for the purpose of applying the antimonopoly legislation:

8.2.1. The Board of Directors of the Company;

8.2.2. The President (Chairman of the Management Board);

8.2.3. The Risk Management Committee [3];

8.2.4. The Compliance Subdivision;

8.2.5. The Antimonopoly Risk Owner.

9. REPORTING ANTIMONOPOLY LEGISLATION VIOLATIONS

9.1. The Company shall promptly respond to all facts and signs of the antimonopoly legislation violations in its activities, make efforts to prevent possible violations, as well as to minimize negative consequences for competition caused by such violations.

- 9.2. Employees of companies, customers and consumers of the Company's products and companies that form a group of entities with the Company for the purpose of applying the antimonopoly legislation, as well as any other person/entities are provided with the opportunity to confidentially and anonymously report possible violations in the field of antimonopoly regulations through any channels specified on the official website on the Internet in the section on anti-corruption activities.
- 9.3. The Company welcomes the receipt of information from any interested parties, including those who are not employees of NLMK Group, about known facts of violations of the antimonopoly legislation or the potential for violation of the antimonopoly legislation by employees of the NLMK Group companies.
- 9.4. Any person/entity who applies to the Compliance Subdivision with information on the facts of violation of the antimonopoly legislation on the part of the Company's employees is guaranteed the confidentiality of information on the fact and the content of their message.

10. FAMILIARIZATION PROCEDURE

- 10.1. This Policy is available for review by any employee and is posted on the Company's corporate web-site.
- 10.2. Owners of antimonopoly risks shall compulsory familiarize themselves with this Policy and other documents regulating control measures of the antimonopoly compliance in accordance with the procedure established by the Company.

11. LIABILITIES FOR BREACHING THE ANTIMONOPOLY LEGISLATION

- 11.1. Employees of the companies are personally liable for violation of the antimonopoly legislation in accordance with the Criminal Code of the Russian Federation, the Code of Administrative Offences of the Russian Federation and other regulatory legal acts.
- 11.2. Employees of the companies are personally liable for violations of the antimonopoly regulations as per local regulations.
- 11.3. In case of detection of the facts of violating the antimonopoly legislation on the part of its employees, the Company may initiate the procedure of internal investigation of the causes of violating the antimonopoly legislation.
- 11.4. The procedure and terms of internal investigations shall be determined on the basis of the provisions of the Labor Code of the Russian Federation, regulatory legal acts in the field of occupational health and safety and local regulatory acts of the Company.