

APPROVED
By the Board of Directors of PAO Mechel
Minutes w / n dated December 30, 2020
Presiding at the meeting

_____ I.V. Ziuzin

CORPORATE GOVERNANCE CODE OF PAO MECHEL

2020

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LIST OF TERMS, DEFINITIONS AND ABBREVIATIONS, USED IN THE CODE

Abbreviations, terms and definitions used in this Corporate Governance Code of Public Joint Stock Company Mechel shall be used in the meaning in which they are used in the legislation of the Russian Federation on joint stock companies and securities, unless otherwise provided by this Corporate Governance Code.

The following abbreviations are used in this Corporate Governance Code:

PAO Mechel, Company - Public Joint Stock Company Mechel

CGC, CGC of the Company, Code – this Corporate Governance Code of PAO Mechel

CG – corporate governance

CBR – Central Bank of the Russian Federation

CGC, recommended by the Bank of Russia, – recommended for application by the letter of the Bank of Russia dated April 10, 2014 No. 06-52 / 2463 Corporate Governance Code.

ADR – American Depositary Receipts issued for the Company's shares

NYSE - New York stock exchange

The following terms and definitions are used in this Corporate Governance Code:

- *Depository bank* means an organization that records the rights to ADRs, registration of the transfer of ownership of ADRs, distribution of materials to the owners of ADRs, payment of dividends, etc.
- *Officials* are persons performing organizational and administrative or administrative functions in the Company who are in labor relations with the Company.
- *Interested persons* are persons recognized as such in accordance with the Federal Law of the Russian Federation “On Joint Stock Companies”.
- *Insider information* is accurate and specific information that was not disseminated (including information constituting commercial, official secrets and other secrets protected by law) and the dissemination of which may have a significant impact on the prices of financial instruments, foreign currency and (or) goods.
- *Confidential information* means information constituting an official and commercial secret, to which there is no legal access, and which has actual or potential commercial value due to its unknown to third parties.
- *Conflict of interest* means any contradiction between the interests of the Company and the personal interests of a member of the Board of Directors or the collegial executive body of the Company or the sole executive body of the Company, which are understood as any direct or indirect personal interests or interests in favor of a third party, including due to his business, friendly, family and other ties and relationships, occupation by him or persons related to him of positions in another legal entity, ownership by him or related persons of shares in another legal entity, contradictions between his obligations in relation to the Company and obligations in

relation to another person. A conflict of interest, in particular, may result from the conclusion of transactions in which the relevant person is directly or indirectly interested, the acquisition of shares (stakes) in legal entities competing with the Company, occupation of positions in such legal entities, the establishment of contractual relations with them, or any other connection with them.

- *A corporate conflict* is a dispute arising between the Company (the management of the Company) and its shareholders.
- *Corporate governance* means a balanced system of relationships between shareholders, the Board of Directors, management and other stakeholders, establishing the rules and procedures for making corporate decisions, ensuring the management and control of the Company's activities.
- *An independent director* is a person who has sufficient professionalism, experience and independence to form his own position, is able to make objective and good faith judgments, independent of the influence of the executive bodies of the Company, individual groups of shareholders or other interested parties. At the same time, the director cannot be considered independent if, if he does not meet the criteria established in the Charter (unless the corresponding decision is made by the Board of Directors).
- *Legal entities controlled by the Company that are material to it* are organizations controlled by the Company, each of which accounts for at least five percent of the consolidated value of assets or at least five percent of the consolidated income, as determined by the data of the latest consolidated financial statements of the Company, as well as other organizations controlled by the Company that, in the opinion of the Company, have a material effect on the financial position, financial results of operations and changes in the financial position of the group of organizations, which includes the Company and legal entities controlled by it.
- *Disclosure of information* means ensuring the availability of previously unpublished information, the list of which is provided for by the current legislation of the Russian Federation, for all interested parties to the extent necessary to make an informed decision on participation in the Company or perform other actions that may affect the financial and economic activities of the Company.
- *Registrar* is an organization, a professional participant in the securities market, maintaining the register of the Company's shareholders, registering the transfer of ownership of shares, sending materials to shareholders, paying dividends, etc.
- *Significant corporate actions* are actions of the management bodies of the Company, shareholders, other persons that significantly affect or may affect the structure of the share capital and the financial condition of the Company and, accordingly, the position of shareholders.

1. GENERAL PROVISIONS

1.1. ABOUT COMPANY

Public Joint Stock Company Mechel was established in 2003 on the basis of production facilities in the mining and metallurgical industries.

Today PAO Mechel is one of the leading companies in Russia.

The company is a vertically integrated Group uniting producers of coal, iron ore, steel, rolled products, ferrosilicon, heat and electricity. In addition, PAO Mechel owns a logistics company and a transport operator. The Group's own sales structures sell products in the Russian market, in the CIS, Europe, Asia, the Middle East, North and South America. The enterprises of the holding operate in a single production chain: from raw materials to products with high added value.

1.2. ABOUT THE CORPORATE GOVERNANCE CODE

The Code is an internal document of the Company, the purpose of which is to describe the CG system operating in the Company and strive to create a mechanism for its further improvement in order to ensure the rights and interests of shareholders, build trust with them, improve business efficiency, increase the level of transparency and investment attractiveness of the Company..

This Code offers shareholders and investors of the Company clearly formulated guidelines, approaches, principles of CG used by the Company to protect the rights of shareholders when the Company implements significant corporate events, holding general meetings of shareholders, issuing securities, paying income on securities, making decisions on the consent to commit major transactions, as well as to increase the activity of shareholders in the activities of the Company and attract long-term investors.

The specific procedures that are mentioned in this Code are regulated in detail by the Articles of Association of the Company and its internal documents, such as:

- the Articles of Association of the Company;
- Regulations on the General Meeting of Shareholders of the Company;
- Regulations on the Board of Directors of the Company;
- Regulations on the Management Board;
- Regulations on the sole executive body (General Director);
- Regulations on the Audit Committee of the Board of Directors of the Company;
- the Internal Audit Policy of the Company;
- Regulations on Business Conduct and Ethics
- Provision on the information policy of the Company.

The Company's Code complies with Russian legislation, including the requirements of the Federal Law “On Joint Stock Companies”, developed taking into account the CGC recommended by the Bank of Russia, the requirements applicable to corporate governance under NYSE 303 A Standard, and other corporate governance principles recommended for use by recognized international organizations, and

supplements the Company's corporate governance system with procedures that meet high standards in the field of corporate governance.

1.3. COMPANY CORPORATE GOVERNANCE PRINCIPLES AND CONTROL OF THEIR COMPLIANCE

1.3.1. The Company's corporate governance system is aimed at a sustainable increase in the value of equity capital in the long term and implies the need to take into account financial, social and environmental aspects of the Company's activities when making decisions.

The company follows the best world practice in the field of corporate governance and develops the Corporate Governance System based on the following fundamental principles:

- providing shareholders with a real opportunity to exercise their rights related to participation in the authorized capital of the Company;
- providing all shareholders of the Company with the opportunity to receive effective protection in case of violation of their rights;
- implementation by the Board of Directors of the strategic management of the Company and effective control on its part over the activities of the executive bodies of the Company, as well as the accountability of the Board of Directors to its shareholders;
- providing the executive bodies of the Company with the opportunity to reasonably, in good faith, exclusively in the interests of the Company, to effectively manage the current activities of the Company, as well as accountability of the executive bodies to the Board of Directors of the Company;
- timely disclosure of complete and reliable information about the Company, including its financial position, economic indicators, ownership and management structure in order to ensure the possibility of making informed decisions by the Company's shareholders and investors;
- effective control over the financial and economic activities of the Company in order to protect the rights and legitimate interests of shareholders;
- balance and efficiency of internal control and risk management systems.

Consistent improvement of the CG System and increasing its efficiency is part of the Company's development strategy.

1.3.2. Other principles of corporate governance of the Company include:

- providing the corporate secretary with effective current interaction with shareholders, coordinating the Company's actions to protect the rights and interests of shareholders, supporting the effective work of the Board of Directors. The functions of the corporate secretary are performed by the structural division of the Company - the Department of Corporate Governance and Property;
- development and implementation of an information policy that ensures effective information interaction between the Company, shareholders, investors and other interested parties,
- active cooperation of the Company with investors, creditors and other interested parties in order to increase the value of the Company's securities and raise the corporate and other ratings of the Company;
- compliance with all applicable laws and local regulations;
- compliance with the ethical standards of business conduct, enshrined in the Statement of Business Conduct and Ethics;

- effective interaction with the Company's employees in solving social issues and ensuring the necessary working conditions;
- creation of conditions allowing each employee to develop and apply their creative abilities, to improve the level of their professional training;
- using the principle of neutrality in relation to financial and industrial groups, government bodies, political parties and associations;
- members of the Board of Directors, General Director, members of the collegial executive body, other key executives of the Company are obliged to disclose information they have about relatedness, affiliation, interest in transactions, including information about conflicts of interest they have.

1.3.3. Compliance with the principles of corporate governance contained in the Code is ensured through:

- reporting by the executive bodies and the Board of Directors of the Company for the results of their activities directly before the General Meeting of Shareholders of the Company;
- continuous improvement of the corporate governance system of the Company, taking into account its development and the influence of external factors, as well as control over the observance of the rights and interests of shareholders and other interested parties.

Information on the Company's compliance with the key principles of the CGC recommended by the Bank of Russia, an explanation of the key reasons, factors and circumstances due to which some of the principles or criteria of the CGC recommended by the Bank of Russia are not complied with or are not fully complied with by the Company, as well as a description of the alternative mechanisms used and corporate governance tools are annually provided by the Company in the annual report.

1.3.4. The Company expects responsible actions from all its shareholders in terms of:

- refusal to disclose and use insider information by them in their personal interests or the interests of third parties;
- refusal to put pressure on the Board of Directors, executive bodies and officials of the Company to achieve their own goals at the expense of other shareholders;
- recognition of its ownership of shares in the Company and disclosure of information about affiliates;
- election of the Board of Directors of the Company in accordance with the current legislation, established norms and requirements.

1.4. STRUCTURE OF THE GOVERNANCE AND CONTROL BODIES OF THE COMPANY

The system of the Company's governing bodies includes the following bodies:

- The General Meeting of Shareholders is the supreme governing body of the Company, through participation in which the shareholders exercise their right to participate in the management of the Company and influence the adoption of major decisions;
- The Board of Directors is a collegial management body responsible for general management of the Company's activities, defining the Company's strategy and control over the activities of executive bodies. The Board of Directors creates the Audit Committee, the Investment and Strategic Planning Committee, the Appointment and Remuneration Committee and may create committees for other areas of activity;

- Management Board and General Director - collegial and sole executive management bodies that manage the current activities of the Company and implement the strategy determined by the Board of Directors;

The system of control and internal audit bodies of the Company includes:

- Audit Committee of the Board of Directors;
- an external auditor approved by the general meeting of shareholders of the Company;
- independent structural divisions (and / or specially authorized employees) that carry out internal audit and control in accordance with the powers determined by the internal documents of the Company.

In order to effectively exercise the rights and interests of shareholders, the functions of ensuring compliance by the bodies and officials of the Company with the procedures established by law, the Charter and other internal documents of the Company are assigned to a separate division of the Company that performs the functions of the Corporate Secretary in the Company, which ensures compliance with the procedure for the preparation and conduct of the General meetings of shareholders, activities of the Board of Directors, storage, disclosure and provision of information about the Company, and also performs other functions established by the current legislation and the Regulations on the division.

2. ENSURING THE RIGHTS OF SHAREHOLDERS

2.1 Shareholders' Right to Participate in the Management of the Company.

The company provides shareholders with reliable and efficient ways to record their rights to shares, as well as the ability to freely and easily dispose of their shares. In order to protect the property rights of shareholders, the Company has selected a registrar with an impeccable reputation and well-functioning and reliable technologies that allow the most efficient way to ensure the registration of property rights and the exercise of shareholders' rights. The registrar who maintains the register is independent of the Company. The company ensures free circulation of its shares on the Moscow and New York stock exchanges, so shareholders have the opportunity to quickly and at market value sell their shares.

The company ensures the rights of ADR holders to protect and register their ownership rights through servicing in one of the correspondingly licensed depositary banks.

The Company ensures equal and fair treatment of all shareholders when they exercise their right to participate in the management of the Company, adhering to the following principles:

- The procedure for convening, preparing and holding a general meeting is regulated by an internal document of the Company - the Regulations on the General Meeting of Shareholders of the Company, which is approved by the General Meeting of Shareholders of the Company and, if necessary, updated;
- In preparation for the general meeting, in accordance with the current legislation, the shareholders of the Company, who collectively own at least 2% of the voting shares of the Company, are given the right to make proposals on agenda items and (or) nominate candidates for election to the bodies of the Company at the annual General Meeting within 60 days after the end of the calendar year.
 - In order to promptly and promptly notify shareholders about the holding of a meeting, the Company posts a message about the holding of a meeting on its website on the Internet 30 days before the date of the meeting, unless a longer period is provided for by law, thereby giving shareholders more time to properly prepare for participation at the meeting and early familiarization of shareholders with the materials for the meeting;

- The company includes in the notice of the general meeting all the information necessary for shareholders to make a decision on participation in the general meeting and on the method of such participation, including an indication of the exact place of the general meeting, information on the documents that must be presented for admission to the premises, in which the general meeting will be held, as well as on the procedure for certifying the power of attorney issued to the shareholder's representative to participate in the meeting. In accordance with the legislation, the Company sends to shareholders, whose rights are recorded by depositories, the notice of the general meeting and materials thereto through such depositories in electronic form;
- The Company provides access to materials on all issues on the agenda of the shareholders' meeting by publishing materials on the Company's website www.mechel.ru on the Internet. The information is posted on the Company's website in Russian and English, which provides all shareholders with equal opportunities to familiarize themselves with it, regardless of their location and status.

In addition to the mandatory materials, the Company publishes, if necessary, clarifications on the agenda of the general meeting of shareholders, providing shareholders with the opportunity to study the materials in detail and in depth in order to make an informed and reasoned decision during voting. The Company also provides shareholders with recommendations of the Board of Directors on each item on the agenda of the meeting of shareholders.

For additional information in preparation for the Meeting, shareholders can send their questions to the corporate email address mechel@mechel.com or ask their responsible employees, whose contacts are listed on the Company's website. Such mechanisms are an alternative to the "hot line" and provide shareholders with the opportunity to send questions and express their views on the agenda of the meeting.

- The company provides each shareholder with the opportunity to freely exercise the right to vote in a simple and convenient way: by sending a voting ballot by mail, participating in person or using an electronic form of voting in accordance with the decision of the Board of Directors;
- The company, by decision of the Board of Directors, uses telecommunication facilities to provide shareholders with remote access to participate in the general meeting of shareholders by filling out an electronic form of ballots on the registrar's website in the Internet;
- Members of the Board of Directors, General Director, Deputy General Directors of the Company, other employees of the Company responsible for issues on the agenda of the meeting of shareholders are always invited to participate in the Annual General Meeting of Shareholders. Shareholders are given the opportunity to ask the specified persons questions and receive answers to them;
- The procedure for registering participants in the general meeting provided for in the Company does not create obstacles for participation in the meeting of any shareholder; it is detailed in the Regulations on the General Meeting of Shareholders of the Company, which also specifies the list of documents to be submitted to the counting commission for registration. The company engages a registrar to perform the functions of the counting commission, which avoids errors and abuses when registering shareholders;
- The company determines the choice of time and place of the General Meeting of Shareholders in such a way that the participation of shareholders in the meeting, as well as preparation and holding of the meeting, would not involve unjustified material and time costs for shareholders;

- The Company sums up and announces the voting results, as a rule, before the end of the general meeting, which allows shareholders to eliminate any doubts about the correctness of the voting results.

2.2. The shareholders of the Company are given an equal and fair opportunity to participate in the distribution of the Company's profits by receiving dividends:

- The Company has developed and approved by the Board of Directors the Regulations on the Dividend Policy of PAO Mechel, which discloses a transparent and understandable mechanism for determining the amount of dividends and their payment;
- To ensure the transparency of the mechanism for determining the amount of dividend on preferred shares, the Regulation on Dividend Policy and the Charter of the Company defines the rules governing the procedure for determining the part of net profit allocated for the payment of dividends and the procedure for calculating them. According to the example of best corporate governance practices, the amount of dividends in accordance with the specified policy is calculated as a share of net profit under IFRS in accordance with the consolidated financial statements for the reporting financial year.
- The Board of Directors of the Company provides the General Meeting of Shareholders with recommendations on the amount of dividends to be paid, taking into account the restrictions established by law on the declaration and payment of dividends, the decision on approving the amount of dividends and their payment is made by the General Meeting of Shareholders of the Company;
- Decisions on the payment of dividends allow the shareholder to obtain comprehensive information on the amount of dividends on shares of each category (type);
- Payment of dividends is carried out only in cash.

3. ACTIVITIES OF THE BOARD OF DIRECTORS OF THE COMPANY

3.1. The Board of Directors of the Company carries out strategic management of the Company, defines the basic principles and approaches to organizing the corporate governance system, including risk management and internal control, and controls the activities of executive bodies.

3.2. Main functions of the Board of Directors of the Company:

- determination of the main guidelines for the Company's activities for the long term, assessment and approval of key performance indicators and main business goals of the Company, assessment and approval of the strategy and business plans for the main activities of the Company;
- formation of effective executive bodies of the Company and effective control over the implementation of the strategy and business plans of the Company by the executive bodies of the Company in accordance with the established criteria and indicators;
- determination of the basic principles and approaches to the organization of the risk management and internal control system in the Company;
- ensuring the implementation and protection of the rights of shareholders, as well as taking all necessary and possible measures to prevent, identify and resolve internal conflicts between the bodies of the Company, shareholders of the Company and employees of the Company, ensure effective protection of all shareholders in the event of violation of their rights;

- determination of the Company's policy on remuneration and / or reimbursement of expenses (compensations) for members of the Board of Directors, executive bodies and other key managers of the Company;
- ensuring information transparency of the Company, timely disclosure of complete and reliable information about the Company, including its financial position, economic indicators, ownership and management structure, significant corporate events in the amounts stipulated by the current legislation.

The competence of the Board of Directors of the Company is determined by the Charter of the Company and the Regulations on the Board of Directors of the Company.

As part of the performance of the assigned functions, the Board of Directors is guided in its activities by the following principles:

- Competence. The skills, knowledge and experience of the members of the Board of Directors allows them to effectively fulfill the duties associated with membership in the Board of Directors, to make decisions related to the competence of the Board of Directors, including considering a wide range of issues related to the implementation of the Company's strategy;
- Independence. Members of the Board of Directors must act and participate in the development of decisions solely in the interests of the Company, independently of each other, from members of executive bodies, their personal interests and private interests of shareholders. More than half of the members of the Board of Directors are independent directors;
- Responsibility. Members of the Board of Directors must act in the best interests of the Company in good faith and reasonably, showing care and prudence, and also be responsible for unfair or unreasonable actions, including if their actions (inaction) did not comply with the usual conditions of civil turnover or ordinary business risk;
- Accountability. The board of directors sets goals for the year and reports on the work done to the general meeting of shareholders. The report on the work of the Board of Directors of the Company is provided to the shareholders of the Company in the annual report of the Company.
- Ethics. Members of the Board of Directors act in a manner that is consistent with a good reputation and refrain from conduct that could have a negative impact on the Company's activities.

The principles of corporate governance of the Company in the area of activities of the Board of Directors include:

- formation of a balanced composition of the Board of Directors, including in terms of the qualifications of its members, their experience, knowledge and business qualities;
- determination of such a quantitative composition of the Board of Directors of the Company, which allows the formation of committees of the Board of Directors to organize the activities of the Board of Directors in the most efficient way, and also provides significant minority shareholders of the Company with the opportunity to elect a candidate to the Board of Directors for whom they vote;
- Election to the Board of Directors of a sufficient number of independent directors (more than half of the quantitative composition of the Board of Directors), designed to make a significant contribution to the discussion and decision-making, primarily on such issues as the development of the Company's development strategy and assessment of the compliance of the Company's activities with its development strategy, prevention and resolution of corporate conflicts, assessment of the quality of work of executive bodies, assessment of the Company's

activities for compliance with the interests of all shareholders, timely disclosure of reliable information about the activities of the Company, reorganization and increase of the authorized capital of the Company, introduction of significant amendments to the charter of the Company affecting the rights of shareholders, on issues related to the takeover procedures of the Company, as well as on other important issues, the solution of which may affect the interests of shareholders;

- assessing the independence of candidates for members of the Board of Directors, as well as analyzing the compliance of independent members of the Board of Directors with the independence criteria;
- ensuring by the Chairman of the Board of Directors the most efficient implementation of the functions entrusted to the Board of Directors, a constructive atmosphere for holding meetings, free discussion of issues included in the agenda of the meeting, control over the implementation of decisions adopted by the Board of Directors, organizing the development of a work plan for the Board of Directors, formation of the agenda of meetings Of the Board of Directors, development of the most effective decisions on agenda items;
- ensuring the effective work of the committees of the Board of Directors by the Chairman of the Board of Directors, including taking the initiative to nominate members of the Board of Directors to a particular committee, based on their professional and personal qualities, and taking into account the proposals of the members of the Board of Directors on the formation of committees;
- taking the necessary measures by the Chairman of the Board of Directors to timely provide the members of the Board of Directors with information necessary for making decisions on agenda items, interacting with executive bodies and officials of the Company in order to timely obtain the most complete and reliable information necessary for the Board of Directors to make decisions;
- assessing the performance of the Board of Directors, its committees, members of the Board of Directors, including with the involvement of external organizations (consultants);
- a balanced system of motivation and remuneration for members of the Board of Directors, executive bodies and other key managers of the Company;
- The Company at its own expense insures the liability of the members of the Board of Directors, so that in the event of damage to the Company or to third parties by the actions of the members of the Board of Directors, these losses can be reimbursed;
- The rights and obligations of members of the Board of Directors of the Company are formulated and enshrined in the Regulation on the Board of Directors of the Company;
- The Company ensures that the members of the Board of Directors are provided with all the information necessary for the performance of their duties, including information on legal entities controlled by the Company;
- Members of the Board of Directors have the opportunity to request information from the Company and promptly receive responses to their inquiries;
- If the Company provides a member of the Board of Directors with confidential information, including those constituting a commercial secret, the member of the Board of Directors is obliged to maintain its confidentiality;

- For the effective implementation of its functions, the Board of Directors creates committees of the Board of Directors, which are intended for preliminary consideration of the most important issues and preparation of recommendations to the Board of Directors for making decisions on issues within its competence.

The Board of Directors adheres to the following principles in its work:

- For the purpose of sustainable systematic development of the Company, the members of the Board of Directors must act in good faith and reasonably in the interests of the Company and its shareholders on the basis of sufficient information, with an appropriate degree of care and discretion, their decision-making must take into account all available information, in the absence of a conflict of interest, with taking into account equal treatment of the shareholders of the Company, within the framework of ordinary business risk. The Board of Directors must also take into account the interests of other interested parties, including employees, creditors, counterparties of the Company, and also make decisions in compliance with accepted environmental and social standards;
- Members of the Board of Directors are encouraged to refrain from actions that will or may lead to a conflict between their interests and the interests of the Company;
- In the event of a potential conflict of interest for a member of the Board of Directors, including if there is an interest in a transaction by the Company, such a member of the Board of Directors must put the interests of the Company ahead of his own interests;
- A member of the Board of Directors who has a conflict of interest is advised to immediately inform the Board of Directors through its Chairman or the corporate secretary of the Company both about the very fact of a conflict of interest and the reasons for its occurrence. Such a notification must in any case be made prior to the discussion of the issue on which such a member of the Board of Directors has a conflict of interest, at a meeting of the Board of Directors or its committee with the participation of such a member of the Board of Directors;
- A member of the Board of Directors cannot participate in decision-making in the event of a conflict of interest. He is advised to refrain from voting on issues in which he has a conflict of interest.
- In cases where decisions of the Board of Directors may have different consequences for different groups of shareholders, the Board of Directors should treat all shareholders fairly;
- In order to exclude the possibility of exerting any outside influence on a member of the Board of Directors, members of the Board of Directors and related persons should not accept gifts from parties interested in making decisions, as well as use any other direct or indirect benefits provided such persons (with the exception of symbolic signs of attention in accordance with generally accepted rules of courtesy or souvenirs during official events).

4. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Company has created and is constantly improving the risk management and internal control system, adhering to the following basic principles:

- determination of the principles and approaches to the organization of the risk management and internal control system by the Board of Directors;
- approval by the Board of Directors of the Regulation on internal control over the financial and economic activities of the Company;

- building a risk management and internal control system at different levels of the Company management;
- organization of internal audit, created for this purpose by a separate structural unit - the Internal Audit Department;
- development of a set of measures aimed at preventing corruption of officials;
- assessment by the Board of Directors of the Company's current risk management and internal control system.

5. REQUIREMENTS FOR COMPANY INFORMATION TRANSPARENCY

- 5.1. Disclosure of information is an important element of the corporate governance of the Company, providing an opportunity for shareholders, investors and other interested parties to obtain an objective understanding of the results of the Company's activities, its plans and development directions. To this end, the Company adheres to the following principles when disclosing information: regularity, consistency and efficiency, availability, reliability, completeness and comparability of the disclosed data. In order to ensure the rights of ADR holders, the Company performs synchronous and equivalent disclosure of material information in the Russian Federation and abroad in Russian and English. The company discloses information not only about itself, but also about legal entities controlled by it that are of material importance to it.
- 5.2. For effective communication between the Company and shareholders, investors and other interested parties, the Company has developed and implemented an information policy that defines the goals and principles of information disclosure by the Company, the procedure for disclosing information (including information channels through which disclosure should be carried out, and the forms of disclosure) , the time frame during which access to disclosed information should be provided, the procedure for communication of members of management bodies, officials and employees of the Company with shareholders and investors, as well as representatives of the media and other interested parties, and measures to ensure control over compliance with the Company's information policy;
- 5.3. The implementation of the information policy by the Company is carried out by the executive bodies of the Company. Compliance with the information policy is controlled by the Board of Directors of the Company.
- 5.4. The company strictly complies with all conditions for the disclosure of information established by the current legislation. For the purpose of free and easy access of interested parties to the disclosed information, information is disclosed on the Company's website: www.mechel.ru, www.mechel.com, as well as in accordance with the current legislation of the Russian Federation - on the Internet page provided by one of the distributors of information on the securities market: <http://www.e-disclosure.ru/portal/company.aspx?id=1942>. A special section "<https://www.mechel.com>" is provided for foreign shareholders and investors on the English version of the Company's website on the Internet.
- 5.5. Disclosure of information about the Company is characterized by the observance of a reasonable balance between the information transparency of the Company and ensuring the security of the commercial interests of the Company.
- 5.6. The company ensures the protection of information constituting commercial and official secrets. The obligation to maintain confidential information lies with all employees of the Company, members of the Board of Directors and shareholders.

- 5.7. The Company seeks to limit the possibility of a conflict of interest and to prevent the abuse of insider information. Requirements regarding insider information are set out in the Regulation on insider information of the Company approved by the Board of Directors of the Company..
- 5.8. The Company is implementing a number of measures aimed at increasing the information transparency of the Company, including:
- meetings and presentations for investors and analysts;
 - road shows and meetings with investors;
 - conference calls;
 - distribution of press releases;
 - publications in professional media;
- 5.9. In order to ensure maximum objectivity and reliability of financial and accounting information, the Company engages an independent and qualified auditor for the annual audit and confirmation of the annual financial and accounting statements. The candidacy of an independent auditor is elected at the general meeting of shareholders on the recommendation of the Audit Committee of the Board of Directors of the Company.

6. REQUIREMENTS FOR THE DIVIDEND PAYMENT PROCEDURE

- 6.1. The amount of dividends and the procedure for their payment is determined by the General Meeting of Shareholders.
- 6.2. The Board of Directors of the Company provides the General Meeting of Shareholders with recommendations on the amount of dividends paid. The decision on the payment of dividends, the amount of the dividend and the form of its payment on shares of each category (type) is made by the General Meeting of Shareholders. The amount of dividends cannot exceed the amount recommended by the Board of Directors of the Company.
- 6.3. Dividends declared by the Company are paid in cash.
- 6.4. The payment of dividends is carried out in the manner and terms determined by the Federal Law "On Joint Stock Companies" and the Regulations on the Dividend Policy of the Company.

7. REQUIREMENTS FOR THE RESOLUTION OF CORPORATE CONFLICTS

- 7.1. The company recognizes the link between its efficient operation and the timely prevention of corporate conflicts.
- 7.2. With regard to corporate conflicts, the Company adheres to the principle of prevention at the earliest possible stages of their occurrence and a careful attitude to them.
- 7.3. In the event of a corporate conflict, the Company takes a position based on the provisions of the legislation of the Russian Federation.
- 7.4. In the event of a corporate conflict, the Board of Directors of the Company to resolve this conflict creates an Interim Committee for the Settlement of Corporate Conflicts, which is responsible for considering this dispute, while independent directors must play a key role in resolving the conflict. A member of the Board of Directors whose interests are or may be affected by a conflict should not participate in the work to resolve such a conflict.

- 7.5. Members of the Interim Committee for the Settlement of Corporate Conflicts have the right to:
- participate in negotiations between shareholders;
 - explain the norms of joint stock legislation and the provisions of the Company's internal documents;
 - prepare draft documents on the settlement of conflicts for their signing by shareholders.
- 7.6. To prevent corporate conflicts, the Company strives to create conditions that ensure the identification of the Company's transactions made in conditions of a conflict of interest (in particular, in the personal interests of shareholders, members of the Board of Directors, other bodies or employees of the Company). To this end, the Company's internal documents include provisions obliging members of the Board of Directors, General Director, members of the Management Board and other key employees to promptly inform the Company of up-to-date information on related and affiliated persons of members of the Board of Directors, the sole executive body, members of the executive body, and other key management employees and the conflict of interests of these persons (including the presence of interest in transactions);
- 7.7. Decisions on the conclusion of transactions with a conflict of interest or control over the terms of such transactions should be carried out by persons who do not have a conflict of interest and are not influenced by persons with a corresponding conflict of interest.
- 7.8. The Company has approved and is implementing the Regulation on Business Conduct and Ethics Standards, which enshrines the principles of interaction between Mechel PAO's employees, including members of executive bodies, with clients, partners, the media, government and political organizations, and other rules for external communications.
- 7.9. The Board of Directors must assess the compliance of the company's activities with the ethical principles followed by the Company, develop proposals for amendments to the Regulations on Business Conduct and Ethics, formulate a position on issues of a possible conflict of interests of the Company's employees, analyze the causes of conflict situations.
7. 10. If it is impossible to resolve a corporate conflict through negotiations, the dispute is resolved in court.

8. COMMISSIONING BY THE COMPANY OF SIGNIFICANT CORPORATE ACTIONS

- 8.1. The Company performs significant corporate actions on fair and equal terms, ensuring the observance of the rights and interests of all shareholders, as well as other interested parties.
- 8.2. The Board of Directors of the Company, which relies on the position of independent directors, plays a key role in making decisions and making recommendations regarding significant corporate actions.
- 8.3. The company undertakes to promptly disclose information about significant corporate events to provide shareholders with the opportunity to influence the commission of such actions.
- 8.4. In the event of a reorganization of the Company, the Board of Directors must assess the terms of the reorganization from the point of view of their compliance with the interests of all shareholders, including shareholders - owners of preferred shares and shareholders - owners of minor blocks of shares, the fairness of the conversion ratios used in the reorganization process, and also raise the issue of reorganization Of the company to the general meeting of shareholders only if he is sure of the need for reorganization and the acceptability of the terms of reorganization.
- 8.5. The management bodies of the Company exercise control over the strict observance in the Company of legal requirements in the event of a takeover by the Company of another company, as well as in the event of a takeover of the Company itself, including the requirements for a voluntary

offer, a mandatory offer, notification of the right to demand the redemption of securities, as well as the requirement of a majority shareholder. shareholder on compulsory redemption of securities.

- 8.6. In order to establish special control over transactions, the charter of the Company contains an expanded list (criteria) of transactions or other actions requiring the approval of the Board of Directors.
- 8.7. Issues related to the increase in the authorized capital of the Company, the Board of Directors should consider taking into account the position of fairness of the conditions of the planned increase in the authorized capital, the expediency of the placement of shares, non-deterioration of the rights of existing shareholders and the protection of their dividend rights;
- 8.8. The company undertakes not to take actions that may lead to the forced delisting of its securities.

9. INTRODUCTION OF AMENDMENTS

Changes to this Code are approved by the Board of Directors of the Company.

10. FINAL PROVISIONS

- 10.1. If the provisions of this Code are in conflict with the requirements of the Articles of Association of the Company, the provisions of the Articles of Association shall prevail.
- 10.2. If the norms of this Code are in conflict with the requirements of the current legislation of the Russian Federation, the norms of the current legislation shall be applied.
- 10.3. Recognition of the invalidity of individual clauses of this Code does not entail the recognition of the invalidity of other clauses of this Code.