

**Report
on Compliance with the Principles and Recommendations of
the Corporate Governance Code by the Company**

Statement of the Board of Directors of Mechel PAO on compliance with the Corporate Governance Principles prescribed by Code of Corporate Governance

Mechel PAO is using the model of corporate governance (hereinafter referred to as the “Model”) built up in compliance with the requirements of the legislation of the Russian Federation to the securities issuers whose shares are in the MOEX quotation list of A level. The Model of Corporate Governance of the Company ensures the effectiveness of the system of Corporate Governance, meeting the interests of the shareholders and compliance with the high standards of information disclosure. The Model also implies creation and support of the effective system of risks management and of the internal control, clear distinguishing between the domain of activities and powers of each governance body of the Company, employing a mechanism of evaluating the performance by them of their functions and duties.

In accordance with the Charter of Mechel PAO the following are the governing bodies of the Company:

- General Shareholders’ Meeting;
- Board of Directors;
- Management Board;
- Chief Executive Officer.

The current activities of the Company are governed by its sole executive body (Chief Executive Officer) and by its collegial executive body (Management Board). The Chief Executive Officer and the Management Board shall report to the General Shareholders’ Meeting of the Company.

The Charter of the Company does not provide for bodies of control over financial and economic activities. Considering that the Company has an effective internal audit system and the Board of Directors' Audit Committee, which consists of independent directors, the current version of Mechel PAO's Charter does not provide for an audit commission.

The current version of Mechel PAO's Charter does not provide for an audit commission. The audit of financial and economic activities is carried out by an auditor on the basis of an agreement with him in accordance with the legal acts of the Russian Federation.

Description of the methodology that was used by the Company to evaluate the compliance with the Corporate Governance Principles prescribed by Code of Corporate Governance:

The evaluation of the compliance by the Company with the Corporate Governance Principles prescribed by Code of Corporate Governance was performed in accordance with the Recommendations of the Code of Corporate Governance (letter of the Central Bank of the Russian Federation No. ИИ-06-28/102 December 27, 2021). The table enclosed contains the explanations of the main reasons, factors and (or) circumstances resulting in the Company’s incompliance or partial compliance with the Corporate Governance Principles prescribed by Code of Corporate Governance and the description of the mechanisms and tools of corporate governance that are used by Company instead of (to replace) the ones recommended by Code of Corporate Governance as well as the planned (proposed) actions and measures to improve the model and practices of corporate governance and the timelines for the implementation of such measures and activities.

The Company is in compliance with the most of the Corporate Governance Principles recommended by Code of Corporate Governance, mainly the following:

- Equal and just attitude to all the shareholders is ensured when they are exercising their rights related to participation in corporate governance;
- The shareholders are provided with equal and just opportunities to participate in the profit of the Company by way of dividends;
- Equitable treatment of shareholders is ensured in respect of all types of shareholders (holders of shares of one category (class), including minority (minor) shareholders and foreign shareholders) and equal attitude of the Company towards them;
- Reliable ways of registering and monitoring rights for shares are ensured as well as a possibility of a free and unhindered alienation of shares by shareholders;
- The shareholders are provided with information and documents in accordance with the principles of equal and unhindered access;
- The Board of Directors is an effective professional governance body of the Company that is authorized to make independent objective judgements and to make decisions on behalf of the Company and its shareholders;
- the Board of Directors consists of a sufficient number of independent directors;
- BoD members are duly informed and act in good faith and reasonably in the interests of the Company, with due diligence and care;
- BoD Sub-committees have been established for the purpose of preliminary consideration of the most important questions related to the activities of the Company;
- a subdivision was established to perform functions of the Corporate secretary of the Company, including the following: effective current interactions with the shareholders, coordination of the activities of the Company related to the protection of shareholders' rights and interests, ensure the effective work of the Board of Directors;
- payment of remuneration to BoD members, executive bodies and other key management staff of the Company is performed in accordance with the remuneration policy followed by Company; the level of the remuneration paid by Company is sufficient to attract, motivate and retain the staff with necessary competencies and qualification;
- the incentive system for BoD members provides for the correlation between the financial interests of BoD directors and long-term financial interests of the shareholders.

No.	Corporate governance principles	Criteria for assessment of compliance with the corporate governance principles	Status of compliance with the corporate governance principle	Explanations of deviation from the criteria for assessment of compliance with the corporate governance principles
1	2	3	4	5
1.1	The Company shall ensure equal and fair treatment of all shareholders as regards their implementation of the right to participate in the Company management.			
1.1.1		1. The Company provides an accessible method of communication with the Company, such as a hotline, e-mail or an Internet forum, allowing shareholders to	Compliance	

		<p>express their opinion and to send questions regarding the agenda in the process of preparing for the General Meeting.</p> <p>These communication methods were established by the Company and provided to shareholders in the course of preparation for each general meeting held during the reporting period.</p>		
1.1.2		<p>1. In the reporting period, the notice of holding a general meeting of shareholders is posted (published) on the Company's website on the Internet not later than 30 days before the date of the general meeting, unless a longer period is provided by law.</p> <p>2. The notice of the meeting contains the documents required for admission to the premises.</p> <p>3. Shareholders were provided with access to information about who proposed the agenda items and who nominated candidates to the Board of Directors and the audit commission of the Company (if its formation is provided for by the Articles of Association of the Company)</p>	Compliance	
1.1.3		<p>1. In the reporting period, shareholders were provided with the opportunity to ask members of the executive bodies and members of the Board of Directors of the Company questions during the preparation for the meeting and during the general meeting.</p> <p>2. The position of the Board of Directors (including dissenting opinions entered into the minutes (if any) on each issue of the agenda of the general meetings held during the reporting period was included in the materials for the general meeting.</p> <p>3. The Company provided the entitled shareholders with the access to the list of persons entitled to participate in the general meeting, starting from the date of its receipt by the Company in all cases of holding general meetings in the reporting period</p>	Compliance	<p>Criterion 1): Due to restrictions related to the spread of the coronavirus infection COVID-19, the annual general meeting of shareholders held in 2021 was held in the form of absentee voting, the procedure for which does not provide for the presence at the meeting of both shareholders and the executive bodies of the Company, members of the Board of Directors of the Company, as well as broadcasting the meeting. However, the Company provides shareholders with the opportunity to ask their questions: on the eve of the meeting, shareholders can send questions to the corporate email address mechel@mechel.com. The Company's website also contains the contacts of the Company's representative - the Investor Relations and ESG Department, with the help of which shareholders can ask questions of interest to them (phone: +7-495-221-8888, email: ir@mechel.com.)</p> <p>Non-compliance with the provisions of the Code is limited in time, the Company intends to achieve full compliance with this criterion of the Code after the lifting of all restrictions caused by the coronavirus infection and to hold a meeting of shareholders in person.</p>

				Criteria 2,3 are observed.
1.1.4		<p>1. The Articles of Association of the Company establish a deadline for shareholders to submit proposals to be included in the agenda of the annual general meeting, which is at least 60 days after the end of the corresponding calendar year.</p> <p>2. In the reporting period, the Company did not refuse to accept proposals for the agenda or candidates for the Company's bodies due to typographical errors or other minor shortcomings in the shareholder's proposal.</p>	Compliance	
1.1.5		<p>1. The Company's Articles of Association provide for the possibility of filling out an electronic form of the ballot on the Internet site, the address of which is indicated in the notice of the general meeting of shareholders.</p>	Compliance	
1.1.6		<p>1. When holding general meetings of shareholders in the form of a meeting (joint attendance of shareholders) in the reporting period, sufficient time was provided for reports on the agenda items and time for discussing these items, shareholders were given the opportunity to express their opinion and ask questions on the agenda.</p> <p>2. The Company invited candidates to the management and control bodies of the Company and took all necessary measures to ensure their participation in the general meeting of shareholders where their candidacies were put to the vote. Candidates to the management and control bodies of the Company present at the general meeting of shareholders were available for questions of shareholders.</p> <p>3. The sole executive body, the person responsible for accounting, the chairman or other members of the audit committee of the Board of Directors were available for questions from shareholders at general meetings of shareholders held during the reporting period.</p> <p>4. In the reporting period, the Company used telecommunication means to provide remote access for shareholders to participate in general meetings, or the Board of Directors made a reasoned decision that there was no need (possibility) to use such means in the</p>	Partially Compliance	<p>Comment on Criteria 1, 2, 3: in the reporting period, the annual meeting of shareholders was held in the form of absentee voting due to restrictions related to the spread of coronavirus infection COVID-19 on the basis of Federal Law No. 17-Φ3 dated 24.02.2021 "On Amendments to Federal Law "On International Companies and International Funds" and on the suspension of certain provisions of the Federal Law "On Joint-Stock Companies" and the Federal Law "On Limited Liability Companies". The procedure for holding a meeting in the form of absentee voting does not provide for the presence of shareholders, the sole executive body, candidates for management bodies, and also does not provide for speakers.</p> <p>At the same time, the Company provides an opportunity for shareholders to remotely ask questions of interest to the sole executive body, i.e. the person responsible for accounting, candidates for the Company's management bodies via the corporate e-mail address of the Company mechel@mechel.com; ir@mechel.com.</p> <p>No other meetings of shareholders were held in the reporting period.</p> <p>Non-compliance with the provisions of the Code is limited in time, and the Company plans to</p>

		reporting period.		<p>achieve compliance with the element in the future, after the end of the COVID-19 pandemic.</p> <p>Criterion 4 is not observed. This criterion was introduced by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021.</p> <p>At the same time, we note that due to restrictions related to the spread of the coronavirus infection COVID-19, the annual general meeting of shareholders held in 2021 was held in the form of absentee voting. Partial non-compliance with the provisions of the Code is limited in time, and the Company plans to achieve compliance with the element in the future, after the end of the COVID-19 pandemic.</p>
1.2	The shareholders are provided with an equal and fair opportunity to participate in the Company revenue by receiving dividends.			
1.2.1		<p>1. The Regulations on the Dividend Policy of the Company were approved by the Board of Directors and disclosed on the Company's website on the Internet.</p> <p>2. If the dividend policy of the Company that prepares the consolidated financial statements uses the Company's reporting indicators to determine the amount of dividends, then the relevant provisions of the dividend policy take into account the consolidated indicators of the financial statements.</p> <p>3. Justification of the proposed distribution of net profit, including for the payment of dividends and the Company's own needs, and an assessment of its compliance with the dividend policy adopted in the Company, with explanations and economic justification for the need to use a certain part of net profit for own needs in the reporting period were included in the materials to the general meeting of shareholders, the agenda of which includes the issue of profit distribution (including payment (declaration) of dividends).</p>	Partially Compliance	<p>Criteria 1, 2 are observed. Criterion 3) is not observed: Justification of the proposed distribution of net profit, including for the payment of dividends and the Company's own needs, and an assessment of its compliance with the dividend policy adopted in the Company, with explanations and economic justification for the need to use a certain part of net profit for own needs in the reporting period were not included in the materials for the annual general meeting of shareholders, the agenda of which includes the issue of profit distribution (including the payment (announcement) of dividends).</p> <p>In the reporting period, the distribution of profits to the Company's own needs was not carried out, and the payment of dividends was carried out in accordance with the dividend policy and the Company's Charter.</p> <p>The Company plans to consider the possibility of introducing this criterion, starting from the meeting of shareholders following the results of</p>

				2021.
1.2.2		1. In addition to the restrictions established by law, the Regulations on the Dividend Policy of the Company determine financial/economic circumstances under which the Company should not make a decision on the payment of dividends.	Compliance	
1.2.3		1. In the reporting period, the Company did not take any actions leading to the deterioration of the dividend rights of existing shareholders.	Compliance	
1.2.4		1. No other methods of obtaining profit (income) at the expense of the Company in addition to dividends (for example, through transfer pricing, unreasonable provision of services to the controlling person at inflated prices, by replacing dividends with internal loans to the controlling person and/or its controlled persons) were used by the persons controlling the Company in the reporting period.	Compliance	
1.3	The system and practice of corporate governance ensure equal conditions for all shareholders owning shares of similar category (type), including minority (minor) shareholders and foreign shareholders and their equal treatment by the Company.			
1.3.1		1. During the reporting period, the persons controlling the Company did not abuse their rights in relation to the shareholders of the Company, there were no conflicts between the controlling persons of the Company and the shareholders of the Company, and if there were any, the Board of Directors paid them due attention.	Compliance	
1.3.2		1. There are no quasi-treasury shares or they did not vote during the reporting period.	Compliance	
1.4	The shareholders are provided with reliable and efficient ways of share rights accounting, as well as the opportunity of free and unhindered alienation of shares owned by them.			
1.4		1. The technologies and conditions of services used by the Company's registrar meet the needs of the Company and its shareholders, ensure that the rights to shares are accounted for and the rights of shareholders are exercised in the most efficient manner.	Compliance	
2.1	The Board of Directors carries out the Company strategic management, determines the main principles and approaches to organization of the risk management and internal control system in the Company, supervises the activities of the Company's executive bodies, as well as implements other key functions.			
2.1.1		1. The Board of Directors has the powers enshrined in the Articles of Association to appoint, dismiss and determine the terms of contracts in relation to members of the executive bodies.	Compliance	

		<p>2. During the reporting period, the Nomination and Remuneration Committee considered the issue of compliance of professional qualifications, skills and experience of members of executive bodies with the current and expected needs of the Company, as stipulated by the approved strategy of the Company.</p> <p>3. In the reporting period, the Board of Directors considered the report (reports) of the sole executive body and the collegial executive body (if any) on the implementation of the Company's strategy.</p>		
2.1.2		<p>1. During the reporting period, at meetings of the Board of Directors, issues related to the progress of implementation and updating of the strategy, approval of the financial and economic plan (budget) of the Company, as well as consideration of criteria and indicators (including intermediate ones) for the implementation of the strategy and business plans of the Company were considered.</p>	Compliance	
2.1.3		<p>1. The principles and approaches to the risk management and internal control system in the Company are determined by the Board of Directors and recorded in the internal documents of the Company that determine the policy in the field of risk management and internal control.</p> <p>2. During the reporting period, the Board of Directors approved (revised) the acceptable amount of risks (risk appetite) of the Company, or the audit committee and / or the risk committee (if any) considered the feasibility of submitting the issue of revising the risk appetite of the Company to the Board of Directors.</p>	Compliance	
2.1.4	<p>The Board of Directors determines the Company's policy on remuneration and (or) reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies of the Company and other key executives of the Company</p>	<p>1. The Company has developed and implemented a policy (policies) for remuneration and reimbursement of expenses (compensations) for members of the Board of Directors, executive bodies of the Company and other key executives of the Company, approved by the Board of Directors.</p> <p>2. During the reporting period, the Board of Directors considered issues related to the said policy(s).</p>	Partially Compliance	<p>Criterion 1 is partially Compliance: The Company has approved and applies the Regulation on remuneration and reimbursement of expenses to members of the Board of Directors.</p> <p>In 2021, the Remuneration and Reimbursement Policy for executive bodies and other key executives of the Company was submitted for consideration by the Remuneration Committee.</p> <p>At the time of approval of this report, the Policy is being finalized.</p>

				Thus, non-compliance with the provisions of the Code is limited in time, the Company plans to achieve compliance with this criterion in 2022. Criterion 2 is observed.
2.1.5		1. The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The Company has created a system for identifying transactions related to a conflict of interest and a system of measures aimed at resolving such conflicts.	Compliance	
2.1.6		1. The internal documents of the Company define the persons responsible for the implementation of the information policy.	Compliance	
2.1.7		1. During the reporting period, the Board of Directors reviewed the results of self-assessment and (or) external assessment of corporate governance practices in the Company.	Compliance	
2.2	The Board of Directors reports to the Company's shareholders.			
2.2.1		1. The Company's annual report for the reporting period includes information on attendance at meetings of the Board of Directors and committees by each member of the Board of Directors. 2. The annual report contains information on the main results of the assessment (self-assessment) of the quality of the work of the Board of Directors carried out in the reporting period.	Partially Compliance	Criterion 1) is partially observed: This criterion was amended by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021. The 2020 Annual Report does not contain information on meeting attendance by individual members of the Board of Directors. The 2021 Annual Report contains information on the attendance of meetings of the Board of Directors and committees by each of the members of the Board of Directors. Criterion 2 is observed.
2.2.2		1. The Company has a transparent procedure that provides shareholders with the opportunity to send complaints to the chairman of the Board of Directors (and, if applicable, to the senior independent director) and receive feedback on them.	Compliance	

2.3	The Board of Directors is an efficient and professional management body of the Company capable of making objective independent judgments and adopting resolutions corresponding to the interests of the Company and its shareholders.			
2.3.1		1. During the reporting period, the Board of Directors (or its nomination committee) assessed candidates for the Board of Directors in terms of whether they have the necessary experience, knowledge, business reputation, absence of conflicts of interest, and so on.	Compliance	
2.3.2		1. In all cases of holding a general meeting of shareholders in the reporting period, the agenda of which included issues on the election of the Board of Directors, the Company provided shareholders with biographical data of all candidates for members of the Board of Directors, the results of assessing the compliance of the professional qualifications, experience and skills of candidates with the current and expected needs of the Company<*> held by the Board of Directors (or its nomination committee), as well as information on the candidate's compliance with the independence criteria in accordance with recommendations 102 - 107 of the Code and information on the written consent of candidates for election to the Board of Directors.	Compliance	
2.3.3		1. During the reporting period, the Board of Directors analyzed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the Board of Directors in the short and long term.	Partially Compliance	<p>This criterion was amended by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021.</p> <p>Based on the results of the assessment of the competences of the members of the Board of Directors, the composition of the Board of Directors (in terms of qualifications, professional experience, key competencies) is optimal for the efficient operation of the Board of Directors, however, the competencies required by the Board of Directors in the short and long term have not been determined.</p> <p>Partial non-compliance with the provisions of the Code is limited in time, and the Company plans to achieve compliance with the element in the future, during the self-assessment of the Board of Directors in 2022.</p>
2.3.4		1. In the reporting period, the Board of Directors considered the issue of compliance of the quantitative composition of the Board of Directors with the needs of	Compliance	

		the Company and the interests of shareholders.		
2.4.	The Board of Directors shall include an adequate number of independent directors.			
2.4.1		1. During the reporting period, all independent members of the Board of Directors met all independence criteria specified in recommendations 102 - 107 of the Code, or were recognized as independent by decision of the Board of Directors.	Compliance	
2.4.2	The compliance of candidates to the Board of Directors with the independence criteria is assessed, and the compliance of independent members of the Board of Directors with the independence criteria is regularly reviewed. In such assessment, content prevails over form.	<p>1. During the reporting period, the Board of Directors (or the nomination committee of the Board of Directors) formed an opinion on the independence of each candidate for the Board of Directors and presented the relevant opinion to the shareholders.</p> <p>2. During the reporting period, the Board of Directors (or the nomination committee of the Board of Directors) at least once considered the issue of the independence of the current members of the Board of Directors (after their election).</p> <p>3. The Company has developed procedures that determine the necessary actions of a member of the Board of Directors in the event that such member ceases to be independent, including the obligation to inform the Board of Directors thereof in a timely manner.</p>	Compliance	
2.4.3		1. Independent directors make up at least one third of the Board of Directors.	Compliance	
2.4.4		1. Independent directors (who did not have a conflict of interest) during the reporting period preliminary assessed significant corporate actions related to a possible conflict of interest, and the results of such assessment were provided to the Board of Directors.	Compliance	
2.5	The Chairman of the Board of Directors facilitate the most efficient implementation of the functions imposed on the Board of Directors.			
2.5.1		<p>1. The Chairman of the Board of Directors is an independent director or a senior independent director is appointed among the independent directors.</p> <p>2. The role, rights and obligations of the Chairman of the Board of Directors (and of the senior independent director, if applicable) are duly defined in the internal documents of the Company.</p>	Compliance	
2.5.2		1. The performance of the Chairman of the Board of	Compliance	

		Directors was assessed as part of the procedure for assessing the quality of the Board of Directors in the reporting period.		
2.5.3		1. The obligation of the Chairman of the Board of Directors to take measures to ensure the timely provision of complete and reliable information to the members of the Board of Directors on the agenda of the meeting of the Board of Directors is enshrined in the internal documents of the Company.	Compliance	
2.6.	The members of the Board of Directors act in good faith and in a reasonable manner in the interests of the Company and its shareholders based on adequate information awareness with due diligence and care.			
2.6.1		<p>1. The internal documents of the Company establish that a member of the Board of Directors shall notify the Board of Directors if such member has a conflict of interest in relation to any item on the agenda of a meeting of the Board of Directors or a Committee of the Board of Directors, before the start of discussion of the relevant agenda item.</p> <p>2. The internal documents of the Company provide that a member of the Board of Directors must abstain from voting on any issue in which such member has a conflict of interest.</p> <p>3. The Company has established a procedure that allows the Board of Directors to receive professional advice on issues within its competence, at the expense of the Company.</p>	Compliance	
2.6.2		1. The Company adopted and published an internal document that clearly defines the rights and obligations of members of the Board of Directors.	Compliance	
2.6.3		<p>1. Individual attendance at meetings of the board of directors and committees, as well as the sufficiency of time to work in the Board of Directors, including in its committees, was analyzed as part of the procedure for assessing (self-assessing) the quality of the work of the Board of Directors in the reporting period.</p> <p>2. In accordance with the internal documents of the Company, members of the Board of Directors are required to notify the Board of Directors of their intention to join the management bodies of other organizations (other than organizations controlled by the Company), as well as the fact of such an</p>	Compliance	

		appointment.		
2.6.4		<p>1. In accordance with the internal documents of the Company, the members of the Board of Directors are entitled to receive information and documents required by the members of the Board of Directors of the Company to perform their duties regarding the Company and the organizations controlled by it, and the executive bodies of the Company shall ensure the provision of relevant information and documents.</p> <p>2. The Company implements a formalized program of familiarization activities for newly elected members of the Board of Directors.</p>	Compliance	
2.7	The meetings of the Board of Directors, preparation for these meetings and participation of the Board of Directors members in the same ensure efficient functioning of the Board of Directors.			
2.7.1		1. The Board of Directors held at least six meetings during the reporting year.	Compliance	
2.7.2		<p>1. The Company approved an internal document that defines the procedure for preparing and holding meetings of the Board of Directors, which, among other things, establishes that notification of a meeting must be made, as a rule, at least five days before the date of its holding.</p> <p>2. During the reporting period, members of the Board of Directors absent from the venue of the meeting of the Board of Directors were provided with the opportunity to participate in the discussion of issues on the agenda and to vote remotely - via conference and video conference.</p>	Compliance	
2.7.3		1. The Articles of Association or internal documents of the Company provide that the most important issues (including those listed in recommendation 168 of the Code) shall be considered at in-person meetings of the Board of Directors.	Compliance	
2.7.4		1. The Company's Articles of Association provide that decisions on the most important issues, including those set out in recommendation 170 of the Code, shall be made at a meeting of the Board of Directors by a qualified majority, not less than 3/4 of the votes, or by a majority vote of all elected members of the Board of Directors.	Partially Compliance	The Articles of Association of the Company (approved by the decision of the general meeting of shareholders, minutes dated 02.07.2020) provide that a majority of all elected members of the Board of Directors make decisions on the issues set out in the recommendation 170 of the Code, except for the issue of submitting issues related to the approval of significant transactions of the Company to the general meeting of

				shareholders. As of the date of approval of this Report, a meeting of shareholders of the Company was convened, the agenda of which included the issue of approving a new version of the Articles of Association. Changes made to the Articles of Association of the Company are connected, among other things, with the inclusion of issues aimed at full compliance with this criterion.
2.8	The Board of Directors creates for preliminary consideration of the most important issues associated with the Company's activities.			
2.8.1		<p>1. The Board of Directors has formed an audit committee composed entirely of independent directors.</p> <p>2. The internal documents of the Company define the tasks of the audit committee, including the tasks contained in recommendation 172 of the Code.</p> <p>3. At least one member of the audit committee, who is an independent director, has experience and knowledge in the preparation, analysis, evaluation and audit of accounting (financial) statements.</p> <p>4. Meetings of the audit committee were held at least once a quarter during the reporting period</p>	Compliance	
2.8.2		<p>1. The Board of Directors has established a remuneration committee, which consists only of independent directors.</p> <p>2. The chairman of the remuneration committee is an independent director who is not the Chairman of the Board of Directors.</p> <p>3. The internal documents of the Company define the tasks of the remuneration committee, including the tasks contained in recommendation 180 of the Code, as well as the conditions (events) upon the occurrence of which the remuneration committee considers the issue of revising the Company's policy on remuneration of members of the Board of Directors, executive bodies and other key management personnel.</p>	Partially Compliance	<p>Criteria 1,2 are observed. Criterion 3 is partially observed: This criterion was amended by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021.</p> <p>The internal documents of the Company define the tasks of the remuneration committee, including, among other things, the tasks contained in recommendation 180 of the Code, however, the conditions (events) upon the occurrence of which the remuneration committee considers the issue of revising the Company's policy on remuneration of members of the Board of Directors, executive bodies and other key executives are not contained in internal documents. The Company plans to consider the feasibility of introducing conditions into the Company's internal documents, upon the occurrence of which the remuneration committee</p>

				will consider the issue of revising the Company's policy on remuneration of members of the Board of Directors, executive bodies and other key executives and implement this criterion if a decision is made on the advisability of including such conditions in the internal documents of the Company.
2.8.3		<p>1. The Board of Directors has established a nominations committee (or its tasks specified in recommendation 186 of the Code are implemented within the framework of another committee), the majority of members of which are independent directors.</p> <p>2. The internal documents of the Company define the tasks of the nomination committee (or the corresponding committee with combined functions), including, but not limited to, the tasks contained in recommendation 186 of the Code.</p> <p>3. In order to form the Board of Directors that best meets the goals and objectives of the Company, the nominations committee in the reporting period, independently or jointly with other committees of the Board of Directors or an authorized division of the Company for interaction with shareholders, interacted with shareholders, not limited to the largest shareholders, in the context of selection of the candidates to the Board of Directors.</p>	Partially Compliance	<p>Criteria 1,2 are observed. Criterion 3 is partially observed: This criterion was amended by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021. However, the effective system of interaction with shareholders and investors formed in the Company allows them to apply to the Company with proposals, including on the formation of the Board of Directors of the Company. All appeals are accepted, processed and, if necessary, brought to the attention of the Company's management and members of the Company's Board of Directors. The Company plans to continue to adhere to the established practice of interaction with shareholders.</p>
2.8.4		<p>1. During the reporting period, the Board of Directors of the Company considered the issue of compliance of the structure of the Board of Directors with the scale and nature, objectives of the activities and needs, and the profile of risks of the Company. Additional committees were either formed or were not deemed necessary.</p>	Partially Compliance	<p>This criterion was amended by Letter of the Bank of Russia No. ИИ-06-28/102 dated 27.12.2021; accordingly, the Company did not have the opportunity to implement this criterion in 2021. When conducting a self-assessment in 2021, the Board of Directors considered the issue of compliance of the structure of the Board of Directors with the scale and nature, goals of activities, however, the issue of compliance with the risk profile was not considered as part of the self-assessment. Partial non-compliance with the provisions of the Code is limited in time, and the Company plans to achieve compliance with the element in the future, during the self-assessment of the Board of Directors in 2022.</p>

2.8.5		<p>1. The Audit Committee, the Remuneration Committee, the Nomination Committee (or the corresponding committee with combined functions) were chaired by independent directors in the reporting period.</p> <p>2. The internal documents (policies) of the Company provide for provisions according to which persons who are not members of the audit committee, the nomination committee (or the relevant committee with combined functions) and the remuneration committee can attend committee meetings only at the invitation of the chairman of the relevant committee.</p>	Compliance	
2.8.6		<p>1. During the reporting period, the chairmen of the committees regularly reported on the work of the committees to the Board of Directors.</p>	Compliance	
2.9	The Board of Directors ensures that the quality of work performed by the Board of Directors, its committees and members of the Board of Directors is assessed.			
2.9.1		<p>1. The internal documents of the Company define the procedures for assessing (self-assessing) the quality of the work of the Board of Directors.</p> <p>2. Assessment (self-assessment) of the quality of the work of the Board of Directors, carried out in the reporting period, included an assessment of the work of committees, an individual assessment of each member of the Board of Directors and the Board of Directors as a whole.</p> <p>3. The results of the assessment (self-assessment) of the quality of the work of the Board of Directors, carried out during the reporting period, were considered at an in-person meeting of the Board of Directors.</p>	Compliance	
2.9.2		<p>1. During the last three reporting periods, the Company engaged an external organization (consultant) at least once to conduct an independent assessment of the quality of the work of the Board of Directors.</p>	Compliance	
3.1. The Corporate secretary of the Company ensures the effective interactions with the shareholders and coordinates the activities of the Company related to the protection of the shareholders' rights and interests and supporting the effective work of the Board of Directors of the Company				
3.1.1	The Corporate secretary has enough knowledge, experience and qualification to perform his/her duties, is of impeccable reputation and in the confidence of the shareholders.	<p>1. Biographical information on the Corporate secretary (including age, education, qualification and experience), as well as the information on his/her positions in the governing bodies of other legal entities at least during the recent five years is available on the Company's website on the Internet and in the annual statements.</p>	Compliance	

3.1.2	The Corporate Secretary has sufficient independence from the executive bodies of the Company and has necessary powers and resources to fulfill the tasks set for him/her.	<p>1. The Company has adopted and disclosed the internal document – the Regulation on the Corporate Secretary.</p> <p>2. The Board of Directors shall approve the candidate for the position of the Corporate secretary, terminate his/her powers and consider the question of payment of additional remuneration to him/her.</p> <p>3. The right of the Corporate secretary to request and receive the Company documents and information from the governing bodies, structural subdivisions and executives of the Company is captured in the internal documents of the Company.</p>	Compliance	
4.1. The level of remuneration payable by the company is sufficient for the involvement, motivation and retention of the persons having the competence and qualification required by the Company. Remuneration to the members of the Board of Directors, executive bodies and other key managers of the company shall be paid in accordance with the remuneration policy adopted in the Company.				
4.1.1	The level of remuneration provided by the Company to the members of the Board of Directors, executive bodies and other key managers shall create sufficient incentives for their effective work allowing the Company to hire and retain competent and qualified specialists. At that, the Company avoids any level of remuneration that is higher than necessary, as well as an unreasonably big difference in the levels of remuneration of the specified persons and the Company's employees.	1. The remuneration of the members of the Board of Directors, executive bodies and other key managers of the Company is defined based on the comparative analysis of the remuneration levels in comparable companies.	Compliance	
4.1.2	The Company's remuneration policy shall be developed by the Remuneration Committee and approved by the Company's Board of Directors. The Board of Directors with support of the Remuneration Committee shall provide control over the introduction and implementation of the remuneration policy in the Company, and revises and makes adjustments to the same, if necessary.	1. During the accounting period, the Remuneration Committee considered the remuneration policy (policies) and practice of its (their) introduction, estimated their effectiveness and transparency and provided, where applicable, the relevant recommendations to the Board of Directors to revise the above mentioned policy (policies).	Compliance	
4.1.3	The Company's remuneration policy shall use transparent methods to determine the amount of remuneration to the members of the Board of Directors, executive bodies and other key managers of the Company, as well as regulate all the types of payments, benefits and bonuses provided to the specified persons.	1. The Company's remuneration policy (policies) uses (includes) transparent methods to determine the amount of remuneration to the members of the Board of Directors, executive bodies and other key managers of the Company, as well as regulates (regulate) all the types of payments, benefits and bonuses provided to the specified persons.	Compliance	
4.1.4	The Company shall determine the policy on reimbursement of expenses (compensations) specifying the list of expenses to be reimbursed and the level of services that the members of the Board of Directors, executive bodies and other key managers of the Company may claim. Such	1. The Company's remuneration policy (policies) or any other internal documents set forth the rules of reimbursement of expenses to the members of the Board of Directors, executive bodies and other key managers of the Company.	Compliance	

	policy may be a component of the Company's remuneration policy.			
4.2. The system of remuneration of the members of the Board of Directors ensures convergence of the Directors' financial interests and long-term financial interests of shareholders.				
4.2.1	The Company pays a fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board or committees of the Board of Directors. The Company does not apply any forms of short-term incentives and additional financial incentives with regard to the members of the Board of Directors.	1. During the accounting period, the Company paid remuneration to the members of the Board of Directors in accordance with the remuneration policy followed by the Company. 2. During the accounting period, the Company did not apply any forms of short-term incentives and additional financial incentives the payment of which depends on the results (indicators) of the Company's operations. There was not any payment of remuneration for taking part in individual meetings of the Board of Directors or of the committees of the Board of Directors.	Compliance	
4.2.2	A long-term ownership of the Company's shares shall facilitate most the convergence of financial interests of the members of the Board of Directors with the long-term interests of the shareholders. At that, it is not determined by the Company that the rights to the disposition of the shares shall depend on the achievement of some certain performance indicators, and the members of the Board of Directors do not participate in equity incentive plans.	1. Should the Company's internal document (documents) - policy (policies) on remuneration provide(s) for the provision of the Company shares to the members of the Board of Directors, clear regulations for ownership of shares by the members of the Board of Directors shall be provided for and disclosed, aimed at the promotion of a long-term ownership of such shares.	Compliance	
4.2.3	The Company does not provide for any additional payments or compensations in case of early termination of powers of the members of the Board of Directors due to a change of control over the Company or other circumstances.	1. The Company does not provide for any additional payments or compensations in case of early termination of powers of the members of the Board of Directors due to a change of control over the Company or other circumstances.	Compliance	
4.3. The system of remuneration of the members of the executive bodies and other key managers of the Company provides for the dependence of the remuneration on the result of the company's operational results and their personal contribution to such results achievement.				
4.3.1	The remuneration to the members of the executive bodies and other key managers of the Company is determined in such a way as to provide reasonable and justified proportion between the fixed part of remuneration and the variable part of remuneration depending on the results of the Company's performance and personal (individual) contribution of the employee to the final result.	1. During the accounting period, the annual performance indicators approved by the Board of Directors were used for determining the amount of the variable part of remuneration to the members of the executive bodies and other key managers of the Company. 2. Within the recent assessment of the system of remuneration to the members of the Board of Directors and other key managers of the Company, the Board of Directors (Remuneration and Compensation Committee) concluded that the Company applies the efficient proportion of the fixed part of remuneration and the variable part of remuneration.	Compliance	

		3. The risks of the Company shall be considered when defining the amount of remuneration to the members of the executive bodies and other key managers of the Company in order to avoid the stimuli for too risky decision-making.		
4.3.2	The Company shall implement the long-term incentives program for the members of the executive bodies and other key managers of the Company with the use of the Company shares (options or other derivative financial instruments for which the shares of the Company serve as the underlying asset).	1. If the Company implemented the long-term incentives program for the members of the executive bodies and other key managers of the Company with the use of the Company's shares (financial instruments based on the Company's shares), the right to the disposition of such shares and other financial instruments under such program arises no earlier than three days after their provision. At that, the right to their disposition is conditional upon the achievement of the Company's certain performance indicators.	Non-compliance	No long-term incentives program for the members of the executive bodies and other key managers of the Company with the use of the Company shares is provided for by the Company's Policy. The Company uses other incentive mechanisms and instruments, including the following: monthly payment of a salary consisting of a fixed part and of a variable part to relate labor payment to the results of the work performed. It is planned by the Company to continue following the existing practice in the part of incentives for the executive bodies and other key employees of the Company.
4.3.3	The amount of compensation (the "golden parachute") payable by the Company to the members of the executive bodies or key managers in case of early termination of their powers on the Company's initiative, provided that there were not any fraudulent actions on their part, shall not exceed the double amount of the fixed part of their annual remuneration.	1. During the accounting period, the amount of compensation (the "golden parachute") payable by the Company to the members of the executive bodies or key managers in case of early termination of their powers on the Company's initiative, provided that there were not any fraudulent actions on their part, did not exceed the double amount of the fixed part of their annual remuneration.	Compliance	
5.1. The Company established an efficiently functioning system of risk management and internal control aimed at ensuring reasonable confidence in achieving the objectives set for the Company.				
5.1.1	The principles of and approaches to the organization of the risk management and internal control system in the Company shall be defined by the Board of Directors.	1. The functions of various management bodies and subdivisions of the Company in the risk management and internal control system are clearly determined in the internal documents/relevant policy of the Company approved by the Board of Directors.	Compliance	
5.1.2	The Company's executive bodies shall provide for the creation and support of the efficient risk management and internal control system functioning in the Company.	1. The Company's executive bodies ensured the distribution of functions, powers and responsibilities in the field of risk management and internal control between the managers (heads) of the subdivisions and departments accountable to them.	Compliance	
5.1.3	The risk management and internal control system in the	1. The Company has approved the anti-corruption	Compliance	

	Company shall ensure the true, fair and clear presentation of the Company's current state and outlook, integrity and transparency of the Company's reporting, feasibility and acceptability of the risks taken by the Company.	policy. 2. The Company has organized the safe and confidential means available for everyone of notifying the Board of Directors or the Audit Committee of the Board of Directors of the facts of any breach of laws, internal procedures and the Company's Code of Ethics.		
5.1.4	The Company Board of Directors shall take necessary measures to ensure that the risk management and internal control system applicable in the Company comply with the principles for and approaches to its organization determined by the Board of Directors and operates effectively.	1. During the reporting period, the Board of Directors or the Audit Committee of the Board of Directors (and/or the Risk Management Committee, if applicable) ensured the assessment of the effectiveness and reliability of the risk management and internal control system of the Company. 2. During the accounting period, the Board of Directors considered the results of the assessment of the reliability and effectiveness of the risk management and internal control system of the Company and the information on the results of such assessment are included into the Company's annual statements.	Compliance	
5.2. Internal audit performance is organized by the Company to ensure the systematic independent assessment of the reliability and effectiveness of the risks management and internal control system and of the corporate governance practices.				
5.2.1	A separate structural unit shall be created in the Company for conducting the internal audit or an independent external company shall be engaged for this purpose. Functional and administrative accountabilities of the internal audit department shall be segregated. The internal audit department shall report to the Board of Directors.	1. A separate structural unit that is functionally accountable to the Board of Directors has been created in the Company for conducting the internal audit or an independent external company with the same accountability has been engaged for this purpose.	Compliance	
5.2.2	The internal audit department shall perform the assessment of the effectiveness and reliability of the internal control and the risk management system, as well as the assessment of the corporate governance system. The Company shall apply the generally accepted internal audit standards.	1. During the accounting period, the effectiveness and reliability of the internal control and risk management system was assessed within the internal audit. 2. During the accounting period, the assessment of the corporate governance practice (practices), including the procedures for information exchange (including those related to the matters of the internal control and risk management) at all governance levels of the Company, as well as of the interactions with related parties, was performed within the internal audit.	Compliance	
6.1. The Company and its activities are transparent for shareholders, investors and other stakeholders.				
6.1.1	The Company shall develop and implement the information exchange policy ensuring effective information exchange with the Company, shareholders,	1. The Company Board of Directors has approved the Company's information policy developed based on the recommendations of the Code.	Compliance	

	investors and other stakeholders.	2. During the accounting period, the Board of Directors (or one of its committees) considered the question of the effectiveness of the information exchange with the Company, shareholders, investors and other stakeholders and of feasibility (necessity) of the information policy revision.		
6.1.2	The Company shall disclose the information about the system and practice of corporate governance, including the detailed information about the observance of the principles and recommendations of the Code.	<p>1. The Company discloses the information about the corporate governance system in the Company and the general corporate governance principles applied by the Company, including on the Company's website on the Internet.</p> <p>2. The Company discloses the information about the composition of the executive bodies and the Board of Directors, independency of its members and their membership in the committees of the Board of Directors. (as prescribed by the Code).</p> <p>3. In case if there is a person controlling the Company, the Company publishes a memorandum of the controlling person with regard to his/her plans concerning the corporate governance in the Company.</p>	Compliance	
6.2. The Company timely discloses complete, updated and reliable Company information to allow reasonable decisions to be made by the Company shareholders and investors.				
6.2.1	The Company shall disclose the information in accordance with the principles of regularity, consistency and timeliness, as well as availability, completeness and comparability of the data disclosed.	<p>1. Respective procedure is in place in the Company to ensure the coordination of the work of all the structural subdivisions and employees of the Company, whose activities are related to information disclosure or whose activities may result in a necessity of information disclosure.</p> <p>2. Should the Company's securities be traded at the foreign organized markets, the disclosure of the material information in the Russian Federation and in such markets is carried out in a simultaneous and equivalent way during the accounting period.</p> <p>3. Should foreign shareholders own sufficient number of Company's shares, the information was disclosed in the accounting period both in Russian and in one of the most widely spoken foreign languages.</p>	Partial compliance	<p>Criterion 1 is partially complied with: Respective documents are adopted by the Company regulating the coordination of the work of its structural subdivisions in the part of preparation and disclosure of the issuer's report, of the annual statements and of the material facts of the Company's activities that are of significant importance.</p> <p>The Regulation on interactions with Mechel Group enterprises is approved by the Company, in accordance with which the controlled companies that are of significant importance shall inform of the procedure and timelines for notifying the Company of the events that need to be disclosed in case if such events occur. The above mentioned measures in aggregate are sufficient to ensure information disclosure in compliance with the principles of regularity, consistence and timeliness.</p> <p>It is planned by the Company to implement the specified procedure, including with the consideration of the new edition of the Regulation</p>

				of the Bank of Russia No. 714-P “On information disclosure by issuers of securities” dd. March 27 th 2020. Criteria 2 and 3 are complied with.
6.2.2	The Company avoids formal sticking to the rules of information disclosure and discloses the material information about its activities even if the disclosure of such information is not provided for by the laws.	<p>1. The information exchange policy of the Company defines the approaches to the disclosure of the information on other events (actions) that produce material impact upon the value or listing of its securities but the disclosure of which is not provided for by legislation.</p> <p>2. The Company discloses information on the Company's capital structure in accordance with Recommendation 290 of the Code in its annual statements and on the Company's website on the Internet.</p> <p>3. The Company shall disclose the information on its controlled companies that are of significant importance for it, including the information on their core activities, on the mechanisms ensuring the accountability of its controlled companies, on the powers of the Board of Directors of the Company in respect of defining the strategy and the assessment of the operational results of its controlled companies.</p> <p>4. The Company shall disclose its non-financial statements: a sustainability report, environmental report, corporate social responsibility report or another report containing non-financial information, including on the environment related factors (including ecological factors and climate change related factors), company related factors (social factors) corporate governance related factors, except for the report of the issuer of securities and annual statements of the joint stock company.</p>	Partial compliance	<p>Criterion 3 is partially complied with:</p> <p>The criterion was amended by Letter No. IN-06-28/102 of the Bank of Russia dd. December 27th 2021.</p> <p>The Company discloses the information on its controlled companies that are of significant importance for it, including the information on their core activities; nevertheless, it does not disclose the information on the mechanisms ensuring the accountability of its controlled companies. The Company believes that such information is not material within a vertically integrated holding.</p> <p>Criterion 4 is not complied with:</p> <p>The criterion was amended by Letter No. IN-06-28/102 of the Bank of Russia dd. December 27th 2021, and therefore it was not possible for the Company to implement it in full scale in 2021. It is planned by the Company to disclose its non-financial statements in Q4 of 2022.</p>
6.3. The Company provides the information and documents at the shareholders' request in accordance with the principles of equal and unhindered access.				
6.3.1	Exercising by shareholders of their right to gain access to the documents and information of the Company shall not be fraught with any unjustified difficulties.	<p>1. The Company's information policy (the internal documents defining the information exchange policy) determines the unhindered procedure for the shareholders to access the information, including the information about the legal entities controlled by the Company at the shareholders' request.</p> <p>2. The Company's information policy (the internal</p>	Partial compliance	<p>Criterion 1 is complied with.</p> <p>Criterion 2 is not complied with:</p> <p>This criterion was amended by Letter No. IN-06-28/102 of the Bank of Russia dd. December 27th 2021, is not documented.</p> <p>At the same time, if such a request is received, a specially created structural unit of the Company</p>

		documents defining the information exchange policy) shall contain the provisions, according to which in case of getting a request from a shareholder for the provision of the information on the companies controlled by the Company, the Company shall make necessary efforts to obtain such information from its respective controlled companies.		studies the request, provides comments, the Company will take the necessary measures to achieve (revise the information policy) compliance with the criterion in 2022.
6.3.2	When providing its shareholders with information, the Company shall ensure a reasonable balance between the interests of certain shareholders and the interests of the Company itself interested in keeping confidentiality of the important commercial information that may have a significant impact on its competitiveness.	<p>1. During the accounting period, the Company did not withhold the shareholders' requests for the information provision or such withholdings were reasonable.</p> <p>2. In cases determined by the Company's information policy, the shareholders are notified of the confidential nature of the information and they undertake to keep it confidential.</p>	Compliance	
7.1. The actions that have a significant impact or may have impact on the structure of the share capital structure and financial standing of the Company and, therefore, on the shareholders' position (major corporate actions) are performed on fair basis ensuring observance of the rights and interests of shareholders and other stakeholders.				
7.1.1	Major corporate actions are recognized to be company reorganization, acquisition of 30 and more percent of voting shares of the Company (merger), closing of major transactions by the Company, increase or reduction in the Company authorized capital, listing or delisting of the Company's shares, as well as other actions that may result in a substantial change in the rights of the shareholders or infringement of their interests. The Company's Articles of Association determines the list (criteria) of transactions or other actions, constituting major corporate actions, whose review falls within the competence of the Company Board of Directors.	1. The Company's Articles of Association determines the list (criteria) of transactions or of other actions that are major corporate actions. Decision making with regard to major corporate actions is referred to the competence of the Board of Directors. In cases when these corporate actions are directly referred by the laws to the competence of the general shareholder's meeting, the Board of Directors provides the appropriate recommendations to the shareholders.	Compliance	
7.1.2	The Board of Directors plays a key role in decision making or in working out recommendations with regard to major corporate actions, the Board of Directors relies on the stance of the independent directors of the Company.	1. The Company has provided for the procedure under which the independent directors declare their stance on the major corporate actions before approving such actions.	Compliance	
7.1.3	When taking major corporate actions affecting the rights and legitimate interests of the shareholders, equal conditions shall be ensured for all the shareholders of the Company; additional measures protecting the rights and legitimate interests of the Company's shareholders shall be taken, where the mechanisms provided for by legislation are insufficient. At that, the Company shall be governed both by observance of the formal requirements of the law and the corporate governance principles set forth in the Code.	<p>1. In view of the peculiarities of the Company's activities, the Articles of association of the Company refers the approval of other transactions that are of significant importance for the Company, alongside with those provided for by the law, to the competence of the Board of Directors of the Company.</p> <p>2. During the accounting period, all major corporate actions passed through the approval procedure before they were performed.</p>	Compliance	

7.2. The Company ensures the procedure for the performance of major corporate actions allowing shareholders to obtain complete information on such actions in a timely manner, allowing them to influence the performance of such actions and guaranteeing the observance and adequate level of protection of their rights during when performing such actions.

7.2.1	The information on the performance of major corporate actions shall be disclosed with the explanation of the reasons, conditions and consequences of such actions performance.	1. During the accounting period, the Company disclosed the information on its major corporate actions in a timely manner and in detail, including the reasons, conditions and consequences of such actions performance.	Compliance	
7.2.2	Rules and procedures related to the major corporate actions performed by the Company are enshrined in the internal documents of the Company	<p>1. The Company's internal documents provide for the procedure of engaging an independent valuer to determine the value of property alienated or acquired under a major transaction or related-party transaction.</p> <p>2. The Company's internal documents provide for the procedure of engaging an independent valuer to estimate the value of acquisition and repurchase of the Company's shares.</p> <p>3. In absence of any formal interest of a member of the Board of Directors, sole executive body, member of the collegial executive body of the Company or a person that is a controlling body of the Company, or a person that is entitled to provide the Company with mandatory instructions for the Company's transactions, but in case if the above mentioned persons have any conflict of interests or are otherwise related, it is determined by the internal documents of the Company that such persons shall not take part in the voting in respect of the approval of such transaction.</p>	Partial compliance	<p>Criterion 1 is partially complied with: The Articles of association of the Company provides for the engagement of an independent valuer to define the cost of the Company assets either being alienated or being purchased under a major transaction. The Articles of association of the Company does not provide for the engagement of an independent valuer to define the cost of the Company assets either being alienated or being purchased under a related party transaction. It is not planned by Company to capture this requirement in its local by-laws because the cost of services provided by such valuer is high. To reduce the risk of partial non-compliance with the criterion, when making decisions in respect of transactions with the shares, the Company takes into account their market value defined by Moscow Stock of Exchange, which in fact decreases the risk of making transactions at prices below the market level. A system of risk management is also in place in the Company prescribing to perform the analysis and evaluation of the risks related to the transactions planned for conclusion. Criterion 2 is complied with.</p> <p>Criterion 3 is partially complied with: This criterion was amended by Letter No. IN-06-28/102 of the Bank of Russia dd. December 27th 2021.</p> <p>In accordance with the Regulation on the Board of Directors of the Company, a member of the Board of Directors shall refrain from any actions that will result or may potentially result in a conflict of interests between his/her interests and those of the Company; and in case of such conflict of interests, such member of the Board of Directors shall inform the Board of Directors</p>

			<p>of the fact and take measures to comply with the procedure for the performance of such related-party actions or conclusion of such related-party transactions, including refraining from voting in respect of the questions in decision making by which he/she is personally interested.</p> <p>The internal documents regulating the activities of the executive bodies of the Company do not contain the provisions provided for by criterion 3.</p> <p>This incompliance with the provisions of the Code is a matter of time. It is planned by the Company to consider the possibility of introducing this criterion.</p>
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