



Gifts, Hospitality and Business Entertainment (in abridged form)

1. GENERAL PROVISIONS

1.1. The Gifts, Hospitality and Business Entertainment Policy (hereinafter – the “Policy”) establishes the procedure for granting and accepting hospitality, business entertainment, and gifts by employees of EvrazHolding (hereinafter – the “Company”).

1.2. This Policy is designed to:

- Set requirements for gifts, hospitality and business entertainments and describe the process of their approval;
- Establish the procedure for reporting gifts, hospitality and business entertainments by employees of the Company, record-keeping and reimbursing employees for them;
- Mitigate the corruption risk associated with incurrence of hospitality expenses, acceptance of business entertainments, receipt and offer of gifts.

1.3. Terms and definitions:

Compliance Officer - a person appointed in accordance with the procedure adopted by the Company who is responsible for ensuring compliance with the Anti-Corruption Laws and regulations.

Functional Responsibility Center (FRC) - a Company’s business unit (units) within the specific functional area headed by one manager.

EDMS - electronic document management system.

FCD - Financial Control Department of the Company.

2. HOSPITALITY

2.1. Definition of Hospitality

2.1.1. Hospitality expenses - expenses for holding formal receptions and (or) providing support for representatives of other organizations participating in negotiations aimed to establish and (or) encourage mutual cooperation, as well as participants who arrived at the Company's official event regardless of their venue.

2.1.2. Hospitality expenses include:

- Expenditures for holding formal receptions (breakfasts, lunches, or other similar events) for the above representatives (participants), as well as Company officials who participate in negotiations;
- Expenses associated with transfer of the named persons to the event site and back;
- Catering during negotiations;
- Payments for services of freelance interpreters to support negotiations

during business events.

- Other expenses to be incurred due to holding the business events are recognized as a part of miscellaneous expenses associated with production and sale:
 - lease of halls and equipment for official receptions/ negotiations;
 - technical support (light, sound) at event sites;
 - video shooting and taking photos of events;
 - security services.

2.1.3. Hospitality expenses do not include expenses for organization of entertainments, recreation, disease prevention or treatment.

2.2 Requirements for Hospitality

2.2.1. All hospitality expenses shall be incurred by the Company's employees in compliance with the principles and requirements set forth in the EVRAZ Anti-Corruption Policy (Gifts, Hospitality and Business Entertainment Expenses), the Code of Conduct and other internal regulations of the Company.

2.2.2. The Company's employees are personally responsible for compliance of hospitality expenses incurred by them with the requirements of the EVRAZ Anti-Corruption Policy and Code of Conduct.

The Policy defines the Officials authorized to incur hospitality expenses by the decision of the Manager of FRC, to which a particular employee belongs (provided that the appropriate funds have been allocated), or on the basis of the CEO's order. No hospitality expenses incurred by other employees of the Company are reimbursed. Such expenses are treated as private expenditure.

The Policy sets the procedure for approval of hospitality expenses. If hospitality expenses exceed USD 500 or equivalent amount, the order on holding the event shall be prepared and a hospitality budget shall be drawn up. The above documents shall be approved by the Company's Compliance Officer by including them in the EDMS approval path.

The Company's employees are prohibited from providing hospitality by handing cash directly to third parties or making direct wire transfers to their bank accounts. Hospitality expenses shall be incurred by authorized employees of the Company within the limits approved by the Company CEO.

The Policy sets the procedure and terms for Company Employees' reporting hospitality expenses to FCD and OUS CJSC. The Financial Control Department controls whether hospitality expenses comply with the limits approved. In its turn, OUS CJSC checks the submitted documents for their compliance with the approved order, as well as availability and proper execution of the documents confirming that the hospitality expenses are incurred as provided for in this Policy.

If hospitality expenses incurred by any Company employee do not meet the requirements specified in this Policy (for example, such expenses have been made by such employee for his/her personal advantage or in violation of the anti-corruption principles and

requirements of the Company), then such expenses shall be deducted from his/her salary. The violation identified shall be reported to the Compliance Officer who shall investigate such violation according to the Company's internal regulations.

OUS CJSC shall duly post the hospitality expenses in the accounting statements according to the Russian Accounting Standards and the applicable law. Hospitality expenses, which exceed USD 500 or equivalent amount shall be recorded by the Compliance Officer in a special register.

The Policy sets for the following requirements for granting and receiving gifts:

3. GIFTS

3.1 Definition and Requirements for Gifts

3.1.1. For the purposes of this Policy and other internal regulations of the Company, gifts mean any gifts granted by employees on behalf and at the expense of the Company to contractors and other third parties, as well as items received by the Company or its employees from contractors and other third parties while executing their work responsibilities within the Company.

3.1.2. Any gifts granted and accepted by the Company's employees shall comply with the principles and requirements set forth in the EVRAZ Anti-Corruption Policy (clause 4.1. Gifts, Hospitality and Business Entertainment Expenses), Code of Conduct, and other internal regulations of the Company.

3.1.3. The Company's employees who accept or provide gifts from/to third parties in the course of execution of their work responsibilities and/or representation of the Company's interests are personally responsible for their compliance with the specified requirements.

3.2 Accepting Gifts

3.2.1. The Company's employees are entitled to accept gifts, provided that such gifts meet the principles and requirements of EVRAZ Anti-Corruption Policy and their cost does not exceed USD 100 or equivalent amount.

3.2.2. Any employee who has accepted a gift which value exceeds USD 100 or equivalent amount shall accept this gift only after agreeing on it with the Company's Compliance Officer and submitting to this Officer the following information (electronic format is acceptable):


- General information about the accepted gift: a description of the gift, its approximate market value, potential occasion/grounds to gift;
- Information about the grantor: full name, place of work, position;
- Other information.

Within three business days, the Compliance Officer shall analyze the information provided for any corruption risk and the possibility to accept the gift by the Company employee, and shall provide the employee with a relevant reply.

3.2.3. If it is impossible to obtain prior approval for accepting business gift which value exceeds the specified limit, the Company employee shall determine its

compliance with the requirements of this Policy and EVRAZ Anti-Corruption Policy by his/her own efforts.

The employee shall be entitled to accept business gift in excess of USD 100 or equivalent amount if it meets the above requirements and/or if refusal from it has or could have a negative impact on the Company's business reputation or business relationship with the person who provides such business entertainment.

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- 3.2.4. In case of accepting business gift whose valued exceeds USD 100 or an equivalent amount without approval of the Company's Compliance Officer, the employee shall, within three business days upon acceptance (or not later than three business days after arrival from a business trip if such business gift has been accepted during the business trip), notify the Compliance Officer thereof and submit the following information (electronic format is acceptable):
- General information about the accepted gift: a description of the gift, its approximate market value, potential occasion/grounds to gift;
 - Information about the grantor: Full name, place of work, position;
 - Other information.
- 3.2.5. Within three business days, the Compliance Officer shall analyze the information provided to determine whether such gift meets the principles and requirements of EVRAZ Anti-Corruption Policy.
- 3.2.6. In case the received gift does not comply with EVRAZ anti-corruption principles and requirements, the ownership of the gift shall be transferred to the Company. Such gifts may be further used by the Company for charitable donations, etc.
- 3.2.7. If the gift does not impose the corruption risk, it shall remain with the gift recipient.
- 3.2.8. The Compliance Officer shall record information about accepted gifts which value exceeds USD 100 or equivalent amount in a special register.
- 3.2.9. If any Company employee receives a gift which value exceeds RUR 4,000 rubles, the obligation to report the gift and pay the individual income tax arising from its acceptance shall be upon such employee and shall be made by his/her efforts.

The Policy determines the officials authorized to provide gifts. Expenses on business gifts provided by other Company employees shall not be reimbursed and shall be recognized as personal expenses.

Provision of gifts exceeding USD 100 (or equivalent amount) shall be approved by the Company's Compliance Officer.

When the need to provide a gift arises, an authorized employee of the Company shall issue an Order to be agreed on in the Company EDMS. The order shall be signed by at least Vice President and contain information about occasion, types of gifts, gift recipients, etc. If the gift value exceeds USD 100 or equivalent amount, the Order referred shall be approved by the Company Compliance Officer adding it to the EDMS approval route.

The Policy sets forth the rules and terms for reporting gifts by Company employees and reimbursing for gift-related expenses. The Financial Control Department controls whether the gifts comply with the limits approved in the budget for these purposes. OUS CJSC controls availability and proper execution of the documents confirming granting the gifts as provided for in this Policy.

Gift-related expenses not duly documented in accordance with the established procedure and/or inconsistent with the relevant corporate anti-corruption principles and requirements shall be treated as private expenditures of authorized employees. In this case, expenses are non-reimbursable or to be deducted from salaries of the respective employees on the basis of their applications. If the Company anti-corruption principles are violated, the Compliance Officer may initiate an investigation to find out the circumstances and prepare recommendations.

OUS CJSC shall ensure that gift-related expenses are accurately reflected in the accounting records in accordance with Russian accounting standards and applicable laws.

All cases of providing gifts which value exceeds USD 100 or equivalent amount shall be recorded by the Compliance Officer in a special register.

The Policy sets forth the following requirements for business entertainments:

4. BUSINESS ENTERTAINMENTS

4.1 Definition and Requirements for Business Entertainments

4.1.1. For the purposes of this Policy, business entertainments mean expenditures of third parties made on behalf and for the benefit of representatives of the Company, which are associated with the establishment and/or maintenance of business cooperation, conduct of business, including expenses for business meals, travel, accommodation, entertainment, etc.

4.1.2. The Company's employees are entitled to accept business entertainments in the course of execution of their work responsibilities from any third party if they meet the principles and requirements of the EVRAZ Anti-Corruption Policy (clause 4.1. Gifts, Hospitality and Business Entertainment Expenses).

4.1.3. Business entertainments accepted by Company's employees shall not exceed USD 500 or equivalent amount. Accepting business entertainments in excess of the above value is permitted in exceptional cases and shall comply with the requirements and procedure specified in clause 4.2 hereof.

4.1.4. The Company's employees are personally responsible for compliance of the accepted business entertainments with the requirements set forth in clauses 4.1.2 and 4.1.3 of this Policy.

4.1.5. If any Company employee accepts business entertainment which value exceeds RUR 4,000 rubles, the obligation to report business entertainment and pay the individual income tax arising from its acceptance shall be upon such employee and shall be made by his/her efforts.

4.2 Accepting Business Entertainments in Excess of the Specified Limit

4.2.1 If any employee of the Company is offered to accept business entertainment which value exceeds USD 500 or equivalent amount, such employee may

accept business entertainment only upon its approval by the Compliance Officer of the Company. For this purpose, the employee shall submit the following information to the Compliance Officer (electronic format is acceptable):

- General information about business entertainment: a description of business entertainment, its approximate market value, potential occasion/grounds for it;
- Information about the person who provides business entertainment: full name, place of work, position;
- Other information.

Within three business days, the Compliance Officer shall analyze the provided information to determine whether such business entertainment imposes the corruption risk and whether it may be accepted by the employee of the Company. The Compliance Officer shall notify the employee of his/her decision.

4.2.2 If it is impossible to obtain prior approval for accepting business entertainment which value exceeds the specified limit, the Company employee shall determine its compliance with the requirements of this Policy and EVRAZ Anti-Corruption Policy by his/her own efforts.

The employee shall be entitled to accept business entertainment in excess of USD 500 or equivalent amount if it meets the above requirements and/or if refusal from it has or could have a negative impact on the Company's business reputation or business relationship with the person who provides such business entertainment.

4.2.3 In case of accepting business entertainment without prior approval of the Company's Compliance Officer, the employee shall, within three business days upon acceptance (or not later than three business days after arrival from a business trip if such business entertainment has been accepted during the business trip), notify the Compliance Officer thereof and submit the following information (electronic format is acceptable):

- General information about business entertainment: a description of business entertainment, its approximate market value, potential occasion/grounds for it;
- Information about the person who provides business entertainment: Full name, place of work, position;
- Other information.

4.2.4 All cases of accepting business entertainments which value exceeds USD 500 or equivalent amount shall be recorded by the Compliance Officer in a special register.

Finally, the Policy determines the procedure and terms for storing the documents related to hospitality expenses, business entertainment and gifts. The Policy states that all required documents shall be retained within the statutorily prescribed period or, in the absence thereof, within three years