

APPROVED BY:  
Decision of the OJSC MMK Annual General  
Shareholders' Meeting  
dated May 31, 2019 # 54  
Chairman of the Meeting

\_\_\_\_\_ V. F. Rashnikov

## **REGULATIONS**

ON THE BOARD OF DIRECTORS  
OF PUBLIC JOINT-STOCK COMPANY  
MAGNITOGORSK IRON & STEEL WORKS

Magnitogorsk

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## **Chapter I. GENERAL**

### **Article 1 Scope of Application**

1. These Regulations on the Board of Directors ("the Board of Directors", "the Board") of the Magnitogorsk Iron and Steel Works Public Joint Stock Company (hereinafter, "the Regulations") have been drafted in accordance with the Russian Federation Civil Code, the Federal Law "On Joint Stock Companies" (hereinafter, "the Law"), the applicable Russian laws and the Company's Charter (hereinafter, "the Charter").
2. This document shall govern the composition and the procedure of nomination and election of the Board of Directors of the Magnitogorsk Iron and Steel Works Public Joint Stock Company (hereinafter, "the Company"), the procedure of calling and holding meetings of the Company's Board of Directors, adopting decisions thereat, the responsibilities of the Company's Board of Directors and other matters related to the activities of the Company's Board.
3. The Company's Board of Directors shall exercise overall direction of the Company's activities, with the exception of matters referred by the Law to the competence of the general shareholders' meeting.
4. The Board of Directors shall act in accordance with the Law, applicable Russian laws, the Company's Charter and these Regulations.

### **Article 2 Composition of the Company's Board of Directors**

1. The number of members of the Board of Directors shall be determined by the Company's Charter.
2. Only an individual (physical person) may be a member of the Board of Directors. Such a member need not be a shareholder of the Company.
3. Independent, executive and non-executive directors may be elected to the Company's Board of Directors. The Company recommends that the shareholders elect at least 3 independent directors to the Board of Directors.
4. It is recommended to recognize for the position of an independent Director a person who has sufficient professional skills, experience and independence to form his/her opinion, is able to make objective and fair judgment, independent from the influence of the Company's executive bodies, separate groups of shareholders or other stakeholders.

As a rule, the person cannot be considered an independent candidate (an elected member of the Board of Directors), if he/she is associated with the Company, its major shareholder, significant counterparty or competitor of the Company, or is associated with the state.

5. Independence criteria, including the criteria of association with the Company, its major shareholder, significant counterparty or competitor of the Company or with the state or a municipal entity, shall be determined in accordance with the

provisions of the Corporate Governance Code recommended for application by letter of the Bank of Russia No. 06-52/2463 dated 10.04.2014 (hereinafter referred to as "the Corporate Governance Code", and given the "Listing Rules" of Public Joint Stock Company "Moscow Exchange MICEX-RTS").

6. Independent directors should refrain from actions that may cause them to cease to meet the independence criteria.

Should the circumstances arise, after election of an independent director to the Board of Directors, in which he/she ceases to be independent, such member of the Board of Directors shall inform the Board about such circumstances within five business days after such circumstances have occurred.

The Company shall disclose the information about such member's loss of status of independent director by posting the information on the web-site at [www.mmk.ru](http://www.mmk.ru).

7. The Board of Directors based on the recommendations of the Committee for nominations and remuneration shall assess the candidates to the Board of Directors for compliance with the independence criteria, and shall carry out regular analysis of the independent members of the Board of Directors for compliance with the independence criteria.

8. In some exceptional cases the Board of Directors may recognize a member of the Board of Directors (a candidate to the members of the Company's Board of Directors) independent (complying with the independence criteria), despite the existence of any formal criteria of association with the company, major shareholder, counterparty or competitor of the Company, state or municipal entity, if such association does not affect the ability of the respective person to make independent, objective and fair judgments.

9. Information on compliance of the Company's Board members with the independence criteria shall be disclosed in the Company's annual report and by posting the information on the web-site at [www.mmk.ru](http://www.mmk.ru).

10. Executive directors shall be deemed to be those members of the Board of Directors who are members of the Company's collective executive body (the Management Board) or the individual executive body (General Director of the Company) and/or who hold employment relations with the Company.

11. The person performing the functions of the individual executive body, shall not at the same time be the Chairman of the Board of Directors.

11. Non-executive directors shall be deemed to be those members of the Board of Directors who are not members of the Company's collective executive body (Management Board) or the Individual Executive Body (General Director of the Company) and/or who do not hold employment relations with the Company.

### **Article 3 Procedure for Ensuring the Succession of the Board of Directors Members**

1. Pursuant to the current RF laws, internal documents of the Company and these Regulations, the Company shall take measures to ensure the succession of members of the Board of Directors, nominate candidates to the Company's Board of Directors whose personal and professional qualities and reputation should not raise any doubts that they will act in the interests of the Company and its shareholders, as well as to nominate candidates to the Company's Board of Directors who meet the criteria of independent directors.

2. It is recommended to nominate and elect to the Board of Directors a person who meets the requirements for making decisions within the competence of the Company's Board of Directors and for efficient performance of his/her functions, including the following:

- has knowledge, skills and experience in various aspects of the Company's operations (knowledge of the industry specifics, markets in which the Company operates, strategic planning, finance and investment, risk management, accounting and audit, information technology, human capital assets management, understanding of corporate governance, etc.)
- has impeccable business and personal reputation, high moral and ethical qualities;
- has sufficient time to perform a full scope of his/her duties as a member of the Board of Directors.

3. Succession of members of the Company's Board of Directors is understood as a process of formation of the Board of Directors that guarantees maintaining of the best practices of the Board of Directors ensuring the compliance of its activities with the development strategy of the Company, as well as the development and preservation of skills, experience and qualifications required for the members of the Board of Directors to effectively exercise their powers.

4. Pursuant to the Regulations on the Committee for Nominations and Remuneration of the Board of Directors, one of the main tasks of the Committee for Nominations and Remuneration of the Board of Directors, is to strengthen the staff composition and increase the efficiency of the Board of Directors, as well as to ensure the succession of members of the Company's Board of Directors.

5. Recruiting needs of the Board of Directors are identified in the course of annual appraisal of the Board of Directors' and members of the Board of Directors' performance in compliance with the procedure set out in Chapter IX hereof.

6. Based on the results of the previous year appraisal and the actual current candidate specification, the Committee for Nominations and Remuneration shall determine the list of additional competencies of members of the Company's Board of Directors required for the successful implementation of the Company's strategy (the "Succession Plan"), which, among others, includes a list of key areas in which it is necessary to strengthen the Company's Board of Directors in a short and long term (required competencies).

7. The Committee for Nominations and Remuneration shall organize making a list of potential candidates to the Board of Directors (the "Candidates' Pool List"), that meet the requirements to candidates to the Board of Directors specified by the Charter of the Company and these Regulations, and comply with the Succession Plan. The list of candidates shall be accompanied by an assessment of their professional qualification and independency status based on information received from the candidate and from public sources.

8. Candidates from the Candidates' Pool List may be proposed to shareholders for nomination to the Board of Directors on the initiative of the Board of Directors subject to all required procedures provided for by the current laws and the Charter of the Company, or may be nominated by the Board of Directors subject to the procedure provided for by the current laws, the Charter of the Company and these Regulations.

#### **Article 4 Procedure of Nomination of Candidates for the Board of Directors**

1. Shareholders (a shareholder) which jointly own not less than 2% of the Company's voting shares, are entitled to nominate candidates for the Board of Directors whose number shall not exceed the number of the Board members.

Such proposals shall be submitted to the Company not later than 60 days following the end of the reporting year.

2. If the issue of electing the members of the Company's Board of Directors is submitted to the Extraordinary General Meeting of Shareholders, the procedure of candidates' nomination to the Board of Directors shall be carried out in accordance with the Law, the Charter and internal documents of the Company, including the applicable provisions of these Regulations

3. A proposal to nominate a candidate shall be sent by post to the address of the Company indicated in p. 1.3 of the Company's Charter or delivered by hand against signature to the Company's division responsible for receipt of written correspondence addressed to the Company.

Proposals to nominate a candidate shall be signed by the shareholders (a shareholder) or their representatives.

4. Proposals to nominate a candidate to the Company's Board of Directors shall contain the following:

- the name of the submitting shareholder(s) and the number and category (type) of the shares held by them;
- the name and details of an identification document (series and/or number of the document, date and place of issue, name of issuing body) of each nominated candidate;
- the body for election to which such a candidate is nominated;
- information on the age of the candidate (date of birth);

- information on the candidate's education;
- information on positions held by the candidate over the last 5 years, including positions held by the candidate in managing bodies of other legal entities (stating the full name of such legal entities and the date of assuming the corresponding office).
- information on the number of the Company's shares owned by the candidate.

Attached to proposals for nomination to the Company's Board of Directors shall be written consents of the candidates to stand for the positions in question.

5. The Board of Directors shall consider the submitted proposals and decide whether to include the proposed candidates in the ballot list for election or refuse to do so not later than 5 days after the expiry of the period specified in p. 1 of Article 4 of these Regulations.

6. The Board of Directors shall be entitled to refuse to include the proposed candidates in the ballot list for election to the Board of Directors of the Company if:

- the shareholder (shareholders) fail(s) to meet the deadline specified in p. 1. of Article 4 of these Regulations;
- the shareholder (shareholders) do(es) not own the appropriate number of the voting shares specified in p. 1. of Article 4 of these Regulations;
- the proposals do not conform to the requirements of pp.3 and 4 of Article 4 of these Regulations.

7. A substantiated decision of the Board of Directors of the Company on refusal to include the proposed candidate in the ballot list for election to the Board of Directors of the Company shall be delivered to the shareholder(s) who submitted the proposal, not later than 3 days after such decision is made.

Should such proposals be submitted to the Company by the persons that have not been registered in the register of shareholders, and have given a direction (instruction) to the party that keeps record of their share rights, the above decision of the Board of Directors of the Company shall be sent to such persons no later than three days from the date of its adoption in accordance with the provisions of the RFLaw on Securities for submitting the information and materials to the persons exercising the rights attaching to the securities.

8. Along with the candidates nominated by shareholders for election to the Board of Directors, the Company's Board of Directors shall be entitled to include candidates in the ballot list at its own discretion.

9. The materials to be presented to the persons having the right to participate in the general shareholders' meeting of the Company for each candidate nominated to the Board of Directors shall state the data sufficient to form an opinion of his/her personal and professional qualities.

10. In accordance with the Corporate Governance Code, in order to improve the reasonableness and efficiency of decision-making on election of members of the Company's Board of Directors, the Board of Directors, based on the recommendations of the Committee for Nominations and Remuneration, shall prepare recommendations with regard to voting on this agenda item at the general shareholders' meeting and ensure that this information is communicated to the Company's shareholders.

## **Article 5 Election of the Company's Board of Directors and Early Termination of Their Term of Office**

1. Members of the Board of Directors are elected by the annual general shareholders' meeting as provided for by the Law, Article 10 of the Company's Charter and these Regulations, for a term until the next annual general shareholders' meeting.

2. If the annual general shareholders' meeting has not taken place within the period as provided for by p.1 of Article 47 of the Law, the authority of the Company's Board of Directors shall terminate, except as required for the preparation, calling and conducting of the annual general shareholders' meeting.

3. Persons elected to the Board of Directors, may be re-elected an indefinite number of times.

4. Members of the Board of Directors shall be elected by cumulative voting.

5. In cumulative voting, the number of votes for each voting share shall be multiplied by the number of persons to be elected to the Board of Directors, and shareholders are entitled to give all their votes to one candidate or distribute them among two or more candidates.

6. Candidates who have received the largest number of votes shall be deemed elected to the Board of Directors.

7. A contract may be signed with a Board Director on behalf of the Company by the Chairman of the Board.

8. In case of retirement of a member of the Board of Directors from its membership, the powers of the remaining members of the Board of Directors of the Company shall not cease, except for the cases stipulated by paragraph 2 of article 15 of these Regulations.

For the purpose of these Regulations the Board members are considered to be retired from of the Board's membership, if they are unable to perform their duties due to legal requirements or court order, or in case of their death.

The members of the Board of Directors shall be deemed retired from membership on the next day after the Chairman of the Board receives a statement of the Board member and/or documents proving the impossibility for the Board member to perform his/her duties or on the day of death of the Board member.



9. A decision of the general shareholders' meeting on the early termination of the term of office of the Board of Directors' members can only be applied to the entire Board of Directors.

## **Article 6 Procedure of familiarization of the member of the Board of Directors with affairs of the Company**

1. The members of the Board of Directors, especially those elected for the first time, shall complete the procedure of familiarization with affairs of the Company ("introduction to job position"). The Board members must be able to learn promptly the history of the Company, organization of work of the Board of Directors, its Committees and other bodies of the Company, the Charter and internal documents of the Company, approved by the general shareholders' meeting and the Board of Directors of the Company, and to obtain sufficient understanding of the Company's strategy, adopted within the Company's system of corporate governance, risk management and internal control, and other information of the Company.

2. Chairman of the Board of Directors shall regularly notify the independent members of the Board of Directors through the corporate secretary of the most important developments in the financial and economic activities of the Company and its subsidiary entities - as well as of other events affecting the interests of shareholders, in the manner prescribed by paragraph 2 of article 13 of these Regulations.

## **Chapter II. ORGANIZATION OF THE COMPANY'S BOARD OF DIRECTORS' WORK**

### **Article 7 Election of the Chairman of the Company's Board of Directors**

1. The Chairman of the Company's Board of Directors shall be elected by the Board Directors from their own number by a majority of total votes of the elected Board members with the exception of retired Board members.

The Board may at any time elect a new Chairman by a majority of three fourths of the elected Board members with the exception of retired Board members.

2. A contract shall be signed with the Chairman of the Board of Directors on behalf of the Company by a person authorized by the Company's Board of Directors.

### **Article 8 Functions of the Company's Board of Directors' Chairman**

1. The Chairman of the Board shall:

1.1. organize the work of the Board and ensure efficient functioning of the Board and its committees;

1.2. call the Board's meetings and arrange for timely and proper notification of the Board members of a meeting being called;

- 1.3. ensure the drafting of agendas for the Board meetings;
- 1.4. take all necessary steps to promptly provide to the Board members all information and materials (presentations, explanatory notes, programs, plans, etc) necessary for taking decisions on agenda items;
- 1.5. preside over the Board meetings, and ensure conformity to the procedure for conducting such meetings;
- 1.6. organize the work to arrive at the best possible decisions on the agenda's items;
- 1.7. ensure opportunities for all Board members to voice their opinions on the issues under discussion, and a constructive and friendly atmosphere at the Board meetings, and facilitate the search for concerted decisions by the Board members in the interests of the Company's shareholders;
- 1.8. decide whether the Board of Directors will adopt resolutions by absentee voting and organize the procedure for such voting;
- 1.9. arrange for the keeping of the meetings' minutes, sign such minutes and bear responsibility for their correctness and timeliness;
- 1.10. preside at general shareholders' meetings;
- 1.11. monitor the execution of resolutions adopted by the Board of Directors and the general shareholders' meeting;
- 1.12. maintain liaison and contacts with other bodies and employees of the Company for obtaining, in a timely manner, the fullest possible and reliable information necessary for the Board directors to adopt decisions, and ensuring an effective interaction between such bodies or employees of the Company and third parties;
- 1.13. request documents from the individual executive body (General Director) regarding the Company's activities necessary for the organization of the Board's functioning.

2. In the absence of the Chairman of the Board of Directors the functions of a chairman at a Board meeting shall be performed by one of the Board members as decided by the Board by a majority of the Directors present at the meeting.

3. In accordance with the Charter of the Company the Board of Directors shall appoint a secretary of the Board of Directors.

In accordance with these Regulations, the Secretary of the Board of Directors shall ensure organizational, technical and documentary support of the Board's activities, preparation and holding of meetings of the Board of Directors (decision-making by absentee voting), preparation and keeping of the minutes of the Board of Directors, making of extracts from the Board's minutes; shall perform other duties in accordance with these regulations.

## **Article 9 Committees of the Company's Board of Directors**

1. For the purpose of improvement of the efficiency of its activities and preliminary review and preparation of recommendations for adoption of decision on the most important issues within its competence, the Company's Board of Directors may set up committees for the term of the Board of Directors' authority (standing committees).

The Company's Board of Directors may also set up committees for a certain period required to fulfill a certain task (ad hoc committees).

2. The Committees shall be formed from the members of the Company's Board of Directors. The Chairman of the Board shall ensure the efficient operation of the the Board of Directors' committees, including taking the initiative to nominate members of the Board of Directors to the committees based on their professional and personal qualities, taking into account the suggestions of the Board members on formation of the committees, and based on the requirements to the composition of the committees imposed by the current Russian Federation laws and Listing Rules of the Public Joint Stock Company Moscow Exchange MICEX-RTS.

3. The procedure of the creation and operation of the Board of Director's standing and ad hoc committees and the rights and obligations of such committees' members shall be governed by the relevant Regulations on specific committees of the Board of Directors of PJSC MMK approved by the Company's Board of Directors.

4. The committees report to the Company's Board of Directors on the results of their activities on an annual basis.

## **Article 10 Relations with the Company's Executive Bodies**

1. The Company's executive bodies shall be accountable to the Board of Directors and the General Shareholders' Meeting.

2. The executive bodies of the Company shall provide for implementation of the decisions of the Board of Directors of the Company.

3. The Company's executive bodies shall, upon request of the Board of Directors' Chairman, provide him/her with full and correct information on the Company's activities as stipulated by the Company's internal documents.

## **Article 11 Specialized Electronic Document Management Systems**

If technically possible, specialized electronic document management systems (hereinafter referred to as "EDMS") may be used for the purposes of the Board of Directors information support and document management.

## **Chapter III. MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS<sup>1</sup>**

### **Article 12 Calling of the Board of Directors' Meetings**

1. Meetings of the Company's Board of Directors shall be called by the Chairman of the Board in accordance with the approved Plan of the Board of Directors' activities for the corresponding year, but at least once every two months.

2. In addition to meetings specified in the Plan of the Board of Director's Work, meetings of the Board of Directors can also be called by the Board Chairman on his own initiative, at the request of a member of the Board of Directors, the Company's Auditor, the individual executive body or the Management Board of the Company.

3. Requests for calling a meeting of the Company's Board of Directors shall be submitted to the Chairman of the Board in writing and must be signed by the person requesting the meeting.

4. A request for calling a meeting of the Company's Board of Directors shall contain the following information:

- date, time and place of the meeting;
- items of the meeting's agenda;
- draft decisions on the agenda items (in Russian and, if necessary, in English);
- names and positions of speakers on all the items of the agenda (in Russian and, if necessary, in English);
- grounds for including the items proposed in the agenda of the meeting.

Attached to the request for a meeting shall be information/materials (presentation, explanatory notes, programs, plans, etc) (in Russian and, if necessary, in English) on the items proposed for inclusion in the agenda and to be provided to the Board Directors at the meeting.

In case of the request originating from the Management Board, such a request shall be accompanied by an excerpt from the minutes of the Management Board's meeting which adopted the decision on calling a meeting of the Board of Directors.

5. The Chairman of the Board of Directors shall be entitled to decline a request for calling a meeting of the Board of Directors.

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<sup>1</sup> Meeting of the Company's Board of Directors (in person), for the purpose of this Regulation - a joint presence of the members of the Company's Board of Directors to discuss the agenda items and adopt decisions on the items put to the vote. Pursuant to the Charter of PJSC MMK, the most important items tend to be resolved at the Board of Directors' meetings held in person.

## **Article 12 Preparation of the Agenda of the Board of Director's Meeting**

1. A tentative agenda of the next meeting of the Board of Directors shall be prepared in accordance with the Plan of the Board of Directors' Work and, to the extent possible, approved at the current Board meeting.

2. Members of the Board of Directors, the Company's Auditor, the Management Board and the individual executive body shall be entitled to send to the Chairman of the Board of Directors of the Company a written proposal for inclusion of items in the agenda of the meeting of the Board of Directors of the Company.

3. Proposals for inclusion of items in the agenda shall state the description of the item, the name and position of the speaker (in Russian and, if necessary, in English).

The proposal shall be accompanied by a draft decision on the proposed item and information/materials (presentations, explanatory notes, programs, plans, etc) pertaining thereto (in Russian and, if necessary, in English).

In case of the proposal for inclusion of an item in the agenda originating from the Management Board, the proposal shall be accompanied by the relevant excerpt from the minutes of meeting of the Management Board.

4. The final agenda for a meeting of the Board of Directors shall be approved at the Board meeting.

5. Matters not included in the agenda shall not be discussed at a meeting of the Board of Directors.

6. The Chairman of the Board of Directors shall formulate and provide each member of the Board with a tentative agenda of the meeting (in Russian and, if necessary, in English).

## **Article 13 Date, Time and Place of the Company's Board of Directors' Meetings**

1. The date, time and place of the next meeting shall, to the extent possible, be approved at the current meeting of the Board of Directors.

2. It is not permitted to hold meetings of the Board in a place and at a time which create significant obstacles for the Board members' presence at such a meeting or make such presence impossible.

3. Generally, it is not permitted to hold Board meetings in the night-time (from 22 pm till 6 am local time).

4. If necessary, on the proposal of the Chairman of the Company's Board of Directors the date, time, place and form of a Board meeting can be changed, with a consent of the majority of the Board members expressed via exchange of e-mails.

5. If necessary, any meeting can be adjourned upon agreement of all members of the Company's Board of Directors present at a meeting.

6. The meeting of the Board of Directors may be conducted via conferencing and video conferencing between the members of the Board of Directors of the Company and the persons present at the meeting, including speakers. The venue of such a meeting is considered to be the location of the majority of members of the Board participating in the Board's meeting.

7. If technically possible, the Board members absent from the place of meeting and/or persons present at the meeting, including speakers, are entitled to participate in the discussion of agenda items and vote on them remotely via conferencing and video conferencing. Such participation is equivalent to personal presence at the meeting.

#### **Article 14 Preparation for a Meeting of the Board of Directors**

1. At least 10 days prior to the meeting the Chairman of the Board of Directors shall notify each Board member thereof (in Russian and, if necessary, in English).

The notification shall contain information on the date, time and place of the meeting and the tentative agenda of the meeting of the Board of Director's of the Company (Annex No. 1 hereto).

2. Such notification shall be sent to the Board members in writing or in any other form convenient to them, including by e-mail, mail or otherwise, , or by courier or personal delivery to the Board member and if technically possible via EDMS.

3. Not later than 5 days prior to the meeting of the Board of Directors the Board member shall notify the Chairman in writing of the impossibility of his participation in the meeting of the Board of Directors stating the reasons thereof.

4. At least 10 days prior to the meeting of the Board of Directors the Company's executive bodies shall submit to the Board Chairman information/materials (presentations, explanatory notes, programs, plans, etc) and draft decisions on the items of the meeting's agenda in the number of copies corresponding to the number of the Board members, in electronic format and hard copy in Russian and, if necessary, in English.

5. Preliminary information (materials) (presentations, explanatory notes, etc.) shall contain brief and concise information on the agenda item of the Board of Directors meeting, if necessary, stating the important issues and tasks requiring the attention of the Board of Directors (analysis, progress report, conclusions, etc.). Preliminary information (materials) (presentations, explanatory notes, etc.) shall not be extensive and cumbersome.

The proposed draft resolutions on the agenda items of the Board of Directors meeting shall contain a decision option (to recognize the work satisfactory/unsatisfactory, to take note of, approve, etc.).

If agenda of the the Board of Directors meeting contains an item on transactions (interested party transactions, major transactions, transactions under subparagraph 11.18.31 of the Charter of the Company), the preliminary information (materials) shall include the analysis and assessment of risks associated with the said transactions execution.

6. The items proposed to the Board of Directors as a rule are reviewed in advance at the meeting of the Committees of the Board of Directors of the Company.

Following the results of preliminary review of issues at the meetings of the Committees of the Board of Directors, preliminary information (materials) (presentation, explanatory notes, programs, plans, etc), draft decisions on the agenda issues, copies of minutes of Committees' meetings and extracts from minutes of Committees' meetings shall be submitted to the Chairman.

The procedure of document turnover with regard to items to be discussed at a Board meeting is governed by the Company's organizational/management documents and/or regulating documents.

7. At least 7 days prior to the meeting the Secretary of the Board of Directors shall provide the members of the Board with preliminary information/materials (presentations, explanatory notes, programs, plans, etc) for their review and preparation for the meeting and draft decisions on the items of the meeting's agenda in electronic format by e-mail and if technically possible by EDMS.

8. The Secretary of the Board of Directors shall have final information/materials (presentations, explanatory notes, programs, plans, etc) on the items of the meeting's agenda arranged in individual folders and distributed to the Board members at the meeting itself. At the end of the meeting, individual folders shall be returned.

## **Article 15 Decision Making Procedure at the Board of Directors' Meetings**

1. The quorum for holding a meeting of the Board of Directors shall be at least half of the total number of the elected Board members provided that at least two independent directors take part in the meeting, if such members of the Board have been elected and are not deemed withdrawn from the Company's Board of Directors.

2. Should the number of members of the Board of Directors become less than the quorum stated in p.1 above the Company's Board of Directors shall decide on calling an extraordinary general shareholders' meeting to elect a new Board of Directors. The remaining members of the Board of Directors shall only be entitled to make a decision on calling such an extraordinary general shareholders' meeting.

3. In taking decisions at Company Board meetings, each Board member shall have one vote.

4. Voting on agenda items at Board meetings shall be open and by name.

When voting, an individual ballot shall be completed for voting on the items of the agenda, such ballot to be signed personally by the Board members (Annex 2 hereto).

If technically possible, the voting at any meeting of the Board of Directors of the Company on matters of the agenda may be conducted through electronic voting, including through EDMS, followed by printing-out of the protocols of voting results.

It is prohibited to transfer votes from Board members to other persons, including other Board members.

5. Board decisions shall be taken by a majority of Board members taking part in the meeting unless otherwise provided for by the Law, the Company's Charter and relevant Regulations.

In case of an equal division of votes cast at the Board meeting the vote of the Chairman of the Board of Directors shall be decisive.

6. The Board member who voted against the resolution or abstained in the vote may express a dissenting opinion, which shall be in writing and signed by the member and if technically possible, shall be posted in EDMS.

#### **Article 16 Written Opinion of a Board Member absent from the Meeting of the Board of Directors**

1. In determining the quorum and the results of voting on the items of the agenda the Board meeting shall take into account a written opinion of a Board member absent from the meeting of the Board of Directors of the Company (Annex 3 hereto).

2. Such a Board member shall submit his/her written opinion prior to the Board meeting.

The written opinion shall be received by the Chairman (the Secretary) not later than at 17.30 (Magnitogorsk time) of the day preceding the date of the Board's meeting.

The written opinion shall be delivered in person to the Board's Chairman (the Secretary) or sent by email and its original shall be simultaneously sent to the Company's address and if technically possible shall be posted in EDMS.

3. The written opinion of a Board member may contain the description of his/her voting both on all the items of the tentative agenda and on specific items and must be signed by the the Member of the Board. Such an opinion shall be taken into account only when determining the quorum and the results of voting on the agenda items on which the Board member voted in his/her written opinion.

4. A written opinion of a Board member containing amendments and additions to a proposed draft decision shall not be taken into account when determining the quorum and the results of voting on the agenda items. Nor shall the written opinion be taken into account when determining the quorum and the results of



voting on the agenda items in case if amendments and additions to a draft decision are made at the Board meeting.

5. Prior to determining the quorum and the results of voting on the agenda items the Chairman shall inform the members about a written opinion of a member of the Board submitted to the Board of Directors.

6. Should the Board member who earlier submitted his written opinion, be present at the Board meeting in question, his written opinion shall not be announced or taken into account when determining the quorum and the results of voting on the agenda items.

### **Article 17 Minutes of the Board of Directors' Meetings**

1. The Secretary of the Board shall keep the minutes at the Board of Directors' meetings.

2. The minutes of a Board meeting shall be made not later than 3 working days after the meeting.

3. The minutes of a meeting shall specify:

- the date, time and place of the meeting;
- the persons present at the meeting, including speakers on the agenda items;
- the agenda of the meeting;
- draft decisions put to the vote, and the result of voting (stating a full name of members of the Company's Board);
- decisions adopted;
- recommendations of the Company's Board of Directors' committees on the items of the meeting's agenda;
- information that there is a written opinion of a member of the Board absent from the meeting;
- information that there is a dissenting opinion from a member of the Board of Directors of the Company;
- date of making the minutes of the meeting.

4. Minutes of the Board meetings shall be endorsed by the Board Secretary, and signed by the Chairman of the meeting who shall be responsible for the correct keeping of the minutes. Minutes of the Board meetings of the Company can be signed by the person presiding at the meeting with a handwritten signature or by use of facsimile reproduction of signatures by means of mechanical or other copying, digital signatures or other analogue of a handwritten signature.

Attached to the minutes shall be individual voting forms and written opinions of the members absent from the meeting and a dissenting opinion of a member of the Board, which are an integral part thereof.

If technically possible, minutes of the meeting of the Board of Directors shall be prepared using EDMS, with a subsequent printing out and registration in accordance with Article 17 hereof.

5. Minutes of the Board of Directors' meetings shall be registered and archived in accordance with an instruction on the keeping of the Company's documents.

6. At a request addressed to the Chairman of the Board of Directors, an extract from the minutes of a Board meeting may be provided.

7. Minutes of the Board of Directors' meetings shall be issued to the Board members at their written requests.

8. One copy of the Board meeting's minutes shall be issued to the individual executive body of the Company. The Company's executive bodies shall organize the implementation of the Board of Directors' decisions as prescribed by the Company's organizational/management documents and/or regulating documents, and then report on implementation of the Board's decision at the meeting of the Board of Directors of the Company.

9. One copy of the Board meeting's minutes shall be issued to the Company's Corporate Secretary for their specific functions.

#### **Chapter IV. THE BOARD'S DECISIONS ADOPTED BY ABSENTEE VOTING**

##### **Article 18 Procedure of Adopting Decisions by Absentee Voting**

1. The Board of Directors may take decisions by absentee voting as provided for by this Article.

2. The decision on absentee voting by the Board of Directors shall be taken by the Chairman of the Board.

3. Members of the Company's Board of Directors or Auditor, the individual executive body or the Management Board shall be entitled to request the Chairman of the Board of Directors that absentee voting be held by the Board.

4. A request for holding absentee voting of the Board of Directors shall be made in writing to the Chairman of the Board, shall be signed by the person requesting that absentee voting be held by the Board, and shall contain the following information:

- reasons for holding absentee voting;
- time frame for holding the Board's absentee voting (deadline for receiving the decision of the Board of Directors);
- items of the absentee voting agenda and decision drafts on agenda items (in Russian and, if necessary, in English);

Attached to the request shall be information/materials (presentations, explanatory notes, programs, plans, etc) (in Russian and, if necessary, in

English) regarding the proposed agenda items for absentee voting of the Company' Board of Directors.

In case the request originates from the Management Board, it shall be accompanied by an extract from the minutes of meeting of the Management Board, which adopted the decision to request absentee voting.

5. A member of the Board of Directors, the Company's Auditor, the Management Board and the individual executive body shall be entitled to send to the Chairman of the Board of Directors of the Company a written proposal for inclusion of items in the agenda of absentee voting containing the wording of the item in Russian and, if necessary, in English.

The proposal shall be accompanied by a draft decision on the proposed item for absentee voting and information/materials pertaining thereto (in Russian and, if necessary, in English).

In case the proposal for inclusion of an item in the agenda of absentee voting of the Board of Directors is originated from the Company's Auditing Commission or the Management Board, the proposal shall be accompanied by the relevant excerpt from the minutes of meeting of the Auditing Commission or the Management Board.

6. The decision of the Board Chairman on holding absentee voting by the Board members shall determine the following:

- the wording of items on the absentee voting agenda;
- the form and text of absentee voting ballot(s);
- the list of information (materials) (presentations, explanatory notes, programs, plans, etc) to be presented to the Board members in connection with the issues to be put to the vote;
- the date of providing the Board members with absentee voting ballots or other information (materials);
- the deadline for accepting completed absentee voting ballots from the Board members;
- addresses for submitting absentee voting ballots.

7. A decision on holding absentee voting signed by the Chairman of the Board of Directors, absentee voting ballots and information/materials necessary for making a decision, shall be forwarded to each member of the Board of Directors not later than the date set for providing the Board members with absentee voting ballots, in written form by any method convenient for Board members, including e-mail, mail or other means of communications or by courier or personal delivery to the Board member and if technically possible by EDMS.

8. The quorum for holding an absentee voting by the Board of Directors shall be at least half of the total number of elected Board members, provided that at least

two independent directors take part in the absentee voting, if such members of the Board have been elected and are not deemed withdrawn from the Company's Board of Directors.

9. A decision of the Board of Directors shall be deemed to have been adopted by absentee voting if voted in favour of by the majority the Board members participating in the absentee voting, except as otherwise provided for by the Law, the Company Charter or these Regulations.

In case of an equal division of votes cast at the Board meeting the vote of the Chairman of the Board of Directors shall be decisive.

10. Deemed to have taken part in absentee voting shall be those members of the Board of Directors, whose completed and signed ballots have been received by the Company not later than the deadline for receipt of such ballots.

### **Article 19 Ballots for Absentee Voting**

1. Absentee voting ballots shall contain the following information (Annex 5 hereto):

- full official name of the Company;
- full name of the relevant Board member;
- wording of the relevant item on the absentee voting agenda;
- wording of the proposal put to the vote (draft decision);
- voting options: "in favour of", "against" or "abstained"
- name and personal signature of the Board of Directors' member;
- a note that without a signature of the Board member the ballot is invalid.

2. Absentee voting ballots completed and signed by the Board members shall be handed over personally to the Chairman of the Board of Directors (or the Board Secretary) or sent by e-mail, followed by the originals sent simultaneously to the addresses indicated in the decision on holding absentee voting and if technically possible shall be posted in EDMS.

### **Article 20 Minutes of an Absentee Voting Meeting of the Company's Board of Directors**

1. Minutes of the absentee voting meeting shall be made within three working days of the deadline for receipt of absentee voting ballots.

2. Such minutes shall specify:

- date of the decision taken by absentee voting;
- place of making the minutes;
- reference to the decision of the BoD's chairman on holding absentee voting;
- items of the absentee voting agenda;

- number and names of the Company's Board of Directors whose ballots were received not later than the deadline for receipt of absentee voting ballots;
- motions put to the vote;
- results of voting stating the full name of members of the Board of Directors;
- decisions adopted on the agenda items of absentee voting;
- date of making the minutes of the meeting.

3. Minutes of the Board meetings shall be endorsed by the Board Secretary, and signed by the Chairman of the meeting who shall be responsible for the correct keeping of the minutes. Minutes of the Board meetings can be signed by the person presiding at the meeting with a handwritten signature or by use of facsimile reproduction of signatures by means of mechanical or other copying, digital signatures or other analogue of a handwritten signature.

Attached to the minutes shall be the decision of the Board of Directors' Chairman on holding absentee voting and absentee voting ballots received from the Board members.

If technically possible, minutes of the meeting of the Board of Directors shall be prepared using EDMS, with a subsequent printing out and registration in accordance with Article 20 hereof.

4. The procedure for keeping the minutes, providing copies thereof and extracts therefrom shall be governed by pp.5-9 of Article 17 of these Regulations.

## **Chapter V APPEALS AGAINST DECISIONS OF THE COMPANY'S BOARD OF DIRECTORS**

1. A member of the Board of Directors who did not take part in voting on, or voted against, a decision adopted by the Board in violation of procedures established by the Law, other legislative acts of the Russian Federation, or the Company's Charter, shall be entitled to appeal against such a decision if it infringes his/her rights or lawful interests. Such an appeal may be filed with a court within one month of the date when the Board member learned or was to have learned of such a decision.

2. A shareholder shall be entitled to appeal against a decision adopted by the Board of Directors in violation of provisions of the Law, other legislative acts of the Russian Federation, or the Company's Charter if such a decision infringes his/her rights and/or lawful interests of the Company or that shareholder. An appeal of the shareholder against the decision may be filed with a court within three months of the date when the shareholder learned or was to have learned of such a decision and the grounds for considering it invalid.

3. Decisions adopted by the Company's Board of Directors in violation of the Board's competence, or in the absence of a quorum for holding a meeting of the

Board, in case a quorum is mandatory for holding such a meeting in accordance with the Law, or without a majority of the Board members' votes required for such decisions, shall be invalid whether or not they have been appealed against in court.

## **CHAPTER VI RIGHTS AND OBLIGATIONS OF THE COMPANY'S BOARD OF DIRECTORS' MEMBERS**

### **Article 21 Rights of the Board of Directors' Members**

1. Members of the Company's Board of Directors shall be entitled to:

- subject to p.1.13 of Article 8 of these Regulations, and for the purpose of preparation for Board meetings (or absentee voting), request from the Chairman of the Board of Directors additional information, materials or clarifications regarding agenda items (or absentee voting);
- demand the calling of a Board meeting (holding an absentee voting);
- propose items for inclusion in the agenda of a Board meeting;
- send their written opinion on the agenda issues of the Board of Directors' meeting they could not attend;
- by decision of a general shareholders' meeting, during their respective terms of office, receive remuneration and(or) compensations of costs incurred in connection with the performance of their functions as members of the Board of Directors of the Company.

Pursuant to provisions of the Corporate Governance Code, independent directors are allocated a key role in preventing internal conflicts in the Company and when taking significant corporate actions by the Company.

2. At the initiative of non-executive directors the Company's Board of Directors may adopt a decision on execution of consulting services agreement with an independent expert.

### **Article 22 Obligations of Members of the Company's Board of Directors**

1. In exercising their rights and discharging their duties, members of the Board of Directors shall act in accordance with the applicable laws of the Russian Federation, the Charter of the Company and these Regulations.

2. In exercising their rights and discharging their duties members of the Board of Directors shall be guided by the Company's interests and act in good faith and reasonably.

3. Members of the Board of Directors shall:

- take active part in meetings of the Board and Board's committees;
- notify in advance of the impossibility of their participation in the meeting of the Board of Directors;
- not to disclose and not to use in their personal interests or in the interests of third parties any confidential information about the Company and insider

information during the term of the contract with a member of the Board of Directors, and for 10 years after completion of their service for the Company.

- to refrain from actions that lead or may lead to a conflict between their interests and the interests of the Company, and if such conflict exists or arise to immediately inform the Board of Directors accordingly;

- pursuant to Article 82 of the Act to notify the Company of the circumstances due to which a member of the Board of Directors may be deemed interested in effecting a transaction by the Company.

4. Members of the Board of Directors shall have sufficient time to perform their duties, which they must confirm in a written statement of consent of nominated candidates to stand for the Board of Directors of the Company.

6. Members of the Company's Board of Directors shall disclose information on:

- their ownership of the Company's or the Company's subsidiaries' (affiliates') securities;

- the sale and/or purchase of the Company's or the Company's subsidiaries' (affiliates') securities.

- transactions made or proposed to be made known to them, in which they may be deemed interested parties;

- the nature of their relations with the Company;

- being nominated for a position in management bodies of other entities, and immediately after the election (appointment) to the management bodies of other entities - of such election (appointment);

- relations of the candidate with affiliated persons and major contractors of the Company;

- other information that can influence the performance of relevant obligations by the candidate (the Board member), and that the candidate (the Board member) will deem necessary to disclose about himself.

7. Within three days after their election to the Board, members of the Board shall disclose information required to be disclosed in accordance with the applicable laws of the Russian Federation, by completing a questionnaire of a member of the Company's Board of Directors.

The Board members shall inform the Company of any changes in such information not later than three days after the occurrence of such change.

## **CHAPTER VII RESPONSIBILITIES OF MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS**

1. Members of the Company's Board of Directors shall bear responsibility to the Company in accordance with the applicable laws of the Russian Federation.

2. Members of the Company's Board of Directors shall bear responsibility for maintaining confidentiality of the Company's commercial information obtained by them, in accordance with the applicable laws of the Russian Federation.

## **CHAPTER VIII. REMUNERATION TO MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS**

By decision of a general shareholders' meeting, members of the Board of Directors, during their term of office, may receive remuneration and/or compensation of costs associated with the discharge of their duties in accordance with the Regulations on payment of remuneration and compensation of expenses of members of the Board of Directors of PJSC MMK.

The size of such remuneration and (or) compensations shall be established by decision of a general shareholders' meeting.

## **CHAPTER IX. APPRAISAL BY THE MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS OF ACTIVITIES OF THE BOARD AND BOARD MEMBERS**

1. With the aim of organization of effective functioning of the Company's Board of Directors and improving performance quality of each member of the Board, compliance of their work with the needs of the development of the Company, activation of the work of the Board of Directors and identifying areas in which the activities of the Board can be improved an appraisal by the members of the Company's Board of Directors of activities of the Board and board members shall be conducted on the annual basis.

2. Appraisal of activities shall be conducted using self-appraisal method by filling the questionnaires. The performance appraisal criteria shall be worked-out by the Board of Directors' Committee on Nominations and Remuneration and approved by the Board.

3. According to the results of appraisal, the Board of Directors taking into account the recommendations of the Committee for Nominations and Remuneration shall make up proposals for improving the work of the Board of Directors.

4. For an independent appraisal of the Board of Directors' performance, the Board of Directors from time to time, but not less than once in three years, shall engage an external organization (a consultant) approved by the Board of Directors based on the proposal of the Committee for Nominations and Remuneration.

5. The summarized results of performance appraisal shall be included in the annual report of the Company.

## **CHAPTER X. PROCEDURE OF APPROVAL AND AMENDMENT OF THE REGULATIONS ON THE COMPANY'S BOARD OF DIRECTORS**

1. The Regulations on the Company's Board of Directors shall be approved by a general shareholders' meeting as proposed by the Board of Directors. The relevant decision shall be taken by a majority of the Company's voting shareholders taking part in the meeting.



2. Introduction of amendments and supplements to the Regulations shall be carried out in the same manner as the approval thereof.

3. If as a result of amendments in the laws of the Russian Federation certain provisions of these Regulations come into conflict with such laws, such provisions shall become invalid and, pending introduction of relevant amendments in the Regulations, members of the Board of Directors shall be guided by the applicable laws.