

APPROVED BY:

**Decision of the OJSC MMK Annual
General Shareholders' Meeting # 46
dated 26.05.17**

Chairman of the Meeting

_____ **V. F. Rashnikov**

REGULATIONS

**ON THE AUDIT COMMISSION
OF THE PUBLIC JOINT-STOCK COMPANY
MAGNITOGORSK IRON & STEEL WORKS**

Magnitogorsk

CONTENTS

1. General Provisions	3
2. Election of the Audit Commission	3
3. Standard operating procedures of the Audit Commission	5
3.1. Organization of meetings of the Audit Commission:	5
3.2. Organization of activity by the Audit Commission of the Company:	7
3.3. Preparation of the annual opinion by the Audit Commission of the Company:	8
4. Rights, duties and responsibilities of the members of the Audit Commission.....	8
5. Remuneration and compensation to the members of the Audit Commission	9
6. Procedure for approving and amending the Regulations.....	9

1. General Provisions

1.1. These Regulations on the Audit Commission of the Public Joint Stock Company Magnitogorsk Iron and Steel Works (hereinafter referred to as the "Regulations") were developed in accordance with the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies" (hereinafter referred to as the "Law"), the current legislation of the Russian Federation and the Charter of the public joint-stock company Magnitogorsk Iron and Steel Works (hereinafter referred to as the "Company").

1.2. The Regulations provide for the procedure for electing the Company's Audit Commission, its competence, standard operating procedures, rights and duties of its members, as well as their responsibilities.

1.3. The Audit Commission exercises control over the financial and economic activities of the Company.

1.4. The Audit Commission acts on the basis of the legislation of the Russian Federation, the Charter of the Company and these Regulations.

2. Election of the Audit Commission

2.1. The members of the Audit Commission shall be elected at the Annual General Meeting in the manner prescribed by the Law, the Charter and these Regulations for the period up to the next Annual General Meeting and can be reelected unlimited number of times.

The number of members of the Audit Commission shall be determined by the Company's Charter.

2.2. A member of the Audit Commission may be a person who possesses the qualifications necessary to solve the tasks set to the Audit Commission. The members of the Audit Commission may not simultaneously be members of the Board of Directors or hold other positions in the management bodies of the Company or the legal entity competing with the Company.

2.3. Shareholders (a shareholder) which jointly own not less than 2% of the Company's voting shares, may nominate candidates to the Audit Commission whose number shall not exceed the number of the Audit Commission members.

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

2.4. A proposal to nominate a candidate shall be submitted by sending a mail 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.

The proposal to nominate candidates shall be signed by the shareholders (shareholder) or their representatives.

2.5. The shareholders (shareholder) of the Company who are not registered in the Company's shareholder register have the right to submit proposals on nominating

candidates to the Company's Audit Commission by giving appropriate directives (instructions) to a person who registers their rights to shares. Such directives (instructions) shall be given in accordance with the legislation of the Russian Federation on securities.

2.6. The proposal to nominate candidates to the Audit Commission of the Company shall contain:

2.6.1. name of the submitting shareholder(s) and the number and category (type) of the shares held by them;

2.6.2. name and details of the identity document (series and/or number of document, date and place of issue, authority which issued the document) of each proposed candidate,

2.6.3. name of the body to which he/she is proposed;

2.6.4. age of the candidate (date of birth);

2.6.5. information on the candidate's education;

2.6.6. positions for the last five years, including positions held by the candidate in management bodies of other legal entities (stating the full names of such legal entities and the date from which the candidate holds relevant position);

2.6.7. information on the number of the Company's shares owned by the candidate.

A written statement of nominated candidates saying that they agree to stand for election to the Audit Commission of the Company shall be attached to the proposal on nomination of candidates to the Audit Commission.

2.7. The Board of Directors shall consider the submitted proposals and decide whether to include the proposed candidates in the ballot list for election to the Audit Commission or refuse to do so not later than 5 days after the expiry of the period specified in p. 2.3 hereof.

2.8. The Board of Directors may refuse to include the proposed candidates in the ballot list for election to the Audit Commission of the Company if:

2.8.1. the shareholders (shareholder) fail(s) to meet the deadline specified in p. 2.3. hereof;

2.8.2. the shareholders (shareholder) do(es) not own the appropriate number of the voting shares specified in p. 2.3. hereof;

2.8.3. the proposal does not meet the requirements of paragraphs 2.4 and 2.6 hereof.

2.9. 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 Audit Commission of the Company shall be delivered to the shareholder(s) who submitted the proposal, not later than 3 days after such decision is made.

If such proposals have been received by the Company from the persons who are not registered in the register of shareholders and gave their directives (instructions) to

the person who registers their share rights, the decision of the Board of Directors of the Company shall be sent to such persons not later than three days from the date of its adoption in accordance with the legislation of the Russian Federation on securities and provision of information and materials to the persons exercising their rights to securities.

2.10. If there are no or insufficient number of candidates proposed by the shareholders for election to the Company's Audit Commission, the Board of Directors of the Company shall be entitled to include candidates in the list of candidates at its own discretion.

2.11. Candidates for whom the majority of votes of owners of voting shares of the Company participating in the general meeting of shareholders has been cast are considered elected to the Audit Commission. The shares owned by the members of the Board of Directors of the Company or persons holding positions in the management bodies of the Company cannot participate in voting when electing members of the Company's Audit Commission.

2.12. A contract may be entered into with the member of the Audit Commission, which is signed on behalf of the Company by the chairman of the general meeting or a person authorized by resolution of the general meeting.

2.13. Early termination of powers of member of the Audit Commission shall be made on the grounds stipulated by the current legislation of the Russian Federation.

3. Standard operating procedures of the Audit Commission

3.1. Organization of meetings of the Audit Commission:

3.1.1. The Audit Commission of the Company resolves all issues at its meetings, which can be held in person (joint presence) or by taking decisions by absentee voting.

3.1.2. Meetings of the Audit Commission may be held when necessary but at least once a quarter.

The Audit Commission may develop and approve a plan for inspections (audits) of the Company's financial and economic activities, which is usually approved at the first meeting of the Company's Audit Commission.

3.1.3. At the first meeting of the Audit Commission, the Chairman of the Audit Commission is elected by a majority vote of the members of the Audit Commission participating in the meeting.

3.1.4. The Audit Commission may at any time elect / re-elect the Chairman of the Audit Commission by a majority vote of the elected members of the Audit Commission.

3.1.5. The Chairman of the Audit Commission organizes the work, convenes and conducts meetings of the Audit Commission, acts as representative at the meetings of the Board of Directors, committees of the Board of Directors, the Management Board and signs documents on behalf of the Company's Audit Commission.

3.1.6. In the absence of the Chairman of the Audit Commission, the functions of the presiding officer may be exercised by one of the members of the Audit Commission by

the decision of the majority of the members of the Audit Commission present at the meeting.

3.1.7. The quorum for the meeting of the Audit Commission is at least half of the elected members of the audit Committee.

3.1.8. When taking decisions at a meeting of the Company's Audit Commission, each member of the Audit Commission has one vote.

Voting at the meetings of the Audit Commission shall be by a show of hands and roll call.

The transfer of voting right by a member of the Audit Commission to another person including another member of the Audit Commission shall not be allowed.

3.1.9. Decisions at a meeting of the Audit Commission shall be made by a majority of votes of the members of the Audit Commission participating in the meeting.

3.1.10. In the event of a tie of votes of the members of the Audit Commission, the vote of the Chairman of the Audit Commission shall be decisive.

3.1.11. A member of the Audit Commission who voted against the decision or abstained during voting may express his/her dissenting opinion, which is stated in writing and signed by a member of the Audit Commission.

3.1.12. Decisions made at the meeting shall be formalized in a Minutes of Meeting that shall specify:

- the date, time and place of the meeting;
- the persons present at the meeting;
- items of the meeting's agenda;
- voting results (with indication of full name of the members of the Audit Commission) of the company); voting results (with the full name of the members of the Audit Commission);
- decisions taken;
- information to the effect that a member of the Audit Commission has a dissenting opinion;
- date of minutes of the meeting.

3.1.13. The minutes of the meeting of the Audit Commission shall be signed by the Chairman of the Audit Commission, who is responsible for the correctness of the minutes.

3.1.14. The minutes of the Audit Commission shall be made not later than 3 days after the meeting.

The minutes shall be accompanied by materials on the agenda items and a special opinion of the member / members of the Company's Audit Commission (if any), which are its integral part.

3.1.15. The Audit Commission keeps the minutes of the meeting of the Audit Commission with the materials from the moment of election and until the end of the term of office. Responsibility for the preparation and storage of minutes during the specified period shall be borne by the Chairman of the Audit Commission or, if not elected, by an authorized member of the Audit Commission.

3.1.16. Not later than five days before the date of election of a new composition of the Company's Audit Commission, the Audit Commission shall hand over the minutes with all annexes to the Company for storage.

Minutes are handed over by the Chairman against issue of the Acceptance Certificate. On behalf of the Company, the Acceptance Certificate is signed by the Corporate Secretary.

3.1.17. Copies of minutes of the meetings of the Audit Commission shall be sent to the General Director of the company for the organization of work in accordance with the internal documents of the company.

3.2. Organization of activity by the Audit Commission of the Company:

3.2.1. The Audit Commission exercises control over the financial and economic activities of the Company.

In order to exercise control over financial and economic activities of the Company, the competence of the Audit Commission shall include the verification of reliability of accounting information of the Company.

3.2.2. The Audit Commission may at any time conduct an inspection (audit) of the Company's financial and economic activities.

3.2.3. Audits shall be carried out at the initiative of the Company's Audit Commission, the decision of the General Meeting of Shareholders, the Board of Directors of the Company or at the request of the Company's shareholder (shareholders) owning in aggregate not less than 10 percent of the Company's voting shares.

The plan of inspections (audits) by the Audit Commission of the Company's financial and economic activities shall be drawn up in the manner provided for in sub-item 3.1.2 hereof.

3.2.4. Being guided by the current legislation, the Charter of the Company and these Regulations, the Audit Commission may independently determine the methods and forms of inspection.

3.2.5. When conducting inspections, the Audit Commission shall have access to all documentation and information systems relating to the activities of the Company.

3.2.6. At the request of the Company's Audit Commission, persons holding positions in the Company's management bodies are required to submit documents on the Company's financial and economic activities, provide access to the Company's information systems and provide necessary explanations either verbally or in writing. Documents shall be submitted not later than 5 (five) business days from the date of the written request.

3.2.7. When making audits, the Audit Commission may engage independent experts, auditors and other professionals. The Company's officials may neither interfere with the activities of experts and auditors nor refuse to conclude contracts of the Company with such experts to conduct audits and examinations.

3.2.8. The funds intended to pay for the services of outside experts (auditors) and other specialists shall be planned by the General Director of the Company on the proposal of the Chairman of the Audit Commission.

3.2.9. The opinion of the Audit Commission with the results of audit of the Company's financial and economic activities shall be sent in accordance with the procedure provided for in sub-item 3.1.16 hereof, as well as to the persons who initiated the inspection (audit) of the Company.

3.3. Preparation of the annual opinion by the Audit Commission of the Company:

3.3.1. Based on the results of the audit of the Company's financial and business activities for the year, the Audit Commission of the Company shall draw up an opinion, which shall contain:

- confirmation of reliability of the data contained in the reports (the Company's annual report, report on interested-party transactions entered into by the Company in the reporting year) and other financial documents of the Company (annual accounting (financial) statements);
- information on the facts of violation of the (financial) accounting procedures established by the legal acts of the Russian Federation and the presentation of accounting (financial) statements and violation of legal acts of the Russian Federation when conducting financial and economic activities.

3.3.2. The opinion of the Audit Commission shall be signed personally by all members of the Audit Commission.

3.3.3. The opinion on the results of audit of financial and economic activities of the Company for the year shall be sent by the Audit Commission to the Board of Directors not later than 30 days before the date of the Annual General Meeting.

4. Rights, duties and responsibilities of the members of the Audit Commission

4.1. In exercising their rights and performing their duties, the members of the Audit Commission shall act in the interests of the Company and exercise their rights and perform their duties with respect to the Company in good faith and reasonably.

4.2. The Audit Commission is entitled to request convocation of an extraordinary General meeting of shareholders in accordance with article 55 of the Law, and to request the convening of meetings of the Board of Directors of the company.

4.3. The request to convene an extraordinary General meeting of shareholders, to convene a meeting of the Board of Directors of the company shall be adopted at a meeting of the Audit Commission by a majority vote of its members participating in the meeting and shall be signed by the Chairman of the Audit Commission.

4.4. The members of the Company's Audit Commission shall attend the general meetings of the Company's shareholders.

4.5. The members of the Audit Commission shall be held accountable for failure to keep confidential the Company's commercial information obtained in accordance with the current legislation of the Russian Federation.

5. Remuneration and compensation to the members of the Audit Commission

5.1. By decision of the General meeting of shareholders, the members of the Audit Commission may be paid remuneration and (or) reimbursed expenses related to the performance of their duties during the performance of their duties.

The amounts of such remunerations and (or) compensations shall be established by decision of the general meeting of shareholders in accordance with the recommendations of the Board of Directors.

6. Procedure for approving and amending the Regulations

6.1. These Regulations shall be approved by a general shareholders' meeting upon the proposal of the Board of Directors. The decision to approve them shall be made by a majority of votes of the shareholders owning the Company's voting shares that participate in the meeting.

6.2. Amendments and additions to the Regulations shall be made in the same manner as their approval.

6.3. If, as a result of a change in the current legislation of the Russian Federation, certain provisions hereof come into conflict with the current legislation, these provisions become invalid, and until the changes are made to the Regulations, the members of the Audit Commission shall be guided by the current legislation of the Russian Federation.