

APPROVED BY
the Decision of the Board of Directors of the MMK OAO
dated September 21, 2001, No 7

CODE OF CORPORATE GOVERNANCE
of the
OAO MAGNITOGORSK IRON AND STEEL WORKS

1. THE GENERAL PRINCIPLES OF CORPORATE GOVERNANCE

1.1. Protection of minority investor rights is the cornerstone of the corporate policy of the Magnitogorsk Iron and Steel Works Open Joint Stock Company (hereinafter OAO MMK or the Company).

1.2. OAO MMK aims at ensuring compliance with the regulations of legislation in force and local legislative acts.

1.3. OAO MMK welcomes both foreign and domestic investors and acknowledges the importance of a dialogue with them.

1.4. OAO MMK adheres to the principle of equal relation with all shareholders including minority and foreign shareholders.

1.5. OAO MMK adheres to the principle of responsible management and values the contribution of management to creating conditions for a long-term prosperous business and to developing and maintaining an efficient relationship with shareholders.

1.6. OAO MMK seeks to support environmental protection measures as new technology becomes available.

2. SHAREHOLDERS

2.1. OAO MMK adheres to the principle of equally treating all shareholders.

2.2. OAO MMK will promote regular contacts and relationship between OAO MMK and shareholders/investors regarding the Company's strategy, objectives and solutions for attaining such objectives.

2.3. OAO MMK considers enhancement of the value of its shares' stock as an integral component of the Company's main goal of the gaining of profit in accordance with the Company's Charter.

2.4. The Company's main goal as stated in the Charter is not inconsistent with devoting a reasonable amount of corporate resources towards increasing the Company personnel's well-being, and educational and philanthropic purposes.

2.5. OAO MMK will seek to ensure that the shareholders enjoy the possibility to effectively participate and vote at general meetings of shareholders. To this end, OAO MMK will seek to keep the shareholders informed of the relevant rules, including voting procedures and procedures of the conduct of the shareholders general meetings.

Shareholders shall be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting

The Shareholders shall be entitled to make proposals for the agenda of the annual general meeting of shareholders in accordance with applicable law.

Shareholders shall be able to vote in person or in absentia, and equal effect shall be given to votes whether cast in person or in absentia.

The procedure of general shareholders' meetings shall allow for equitable treatment of all shareholders. OAO MMK's procedures shall not make it unduly difficult or expensive to cast votes.

2.6. The shareholders shall take account of the costs and benefits of exercising their voting authority.

2.7. The shareholders have equal rights within the scope of each category of shares. OAO MMK will seek to ensure that all investors have the possibility to receive information on the rights guaranteed by each category of shares before the purchase of shares. Any changes in the rights shall be approved by the shareholders' vote.

2.8. During preparation for general shareholders' meetings the shareholders shall be furnished with the following:

- detailed information on the candidates to the Board of Directors and the Audit Committee;
- information on each issue of the agenda.

3. BOARD OF DIRECTORS

3.1. Board of Directors performs the general guidance of the Company's activity, except the solution of issues related to the competence of the General Meeting of Shareholders.

3.2. OAO MMK attaches great importance to the election of Directors. They play an important part in promoting the significance of strategic decision-making thus ensuring the Company's successful operation and controlling its development.

3.3. The existing system of the election and functioning of the OAO MMK Board of Directors secures a stable and dynamic development of OAO MMK and constantly increases the market value of the Company's shares.

3.4. OAO MMK requires of all the members of the Company's Board of Directors, the sole executive body of the Company, the General Director, and the members of the collective executive body of the Company, the Management Board, that they present to the Company all the information which must be disclosed in accordance with the requirements of the Russian legislation and corporate interests of OAO MMK.

3.5. The members of Board of Directors of the Company, the sole executive body of the Company, the General Director, and members of the collective executive body of the Company, the Management Board, shall act in the best interests of the Company and exercise their rights and discharge their duties towards the Company in good faith and reasonably.

3.6. The Company's Board of Directors, the General Director, and members of the Management Board shall ensure compliance with law and take into account the interests of all shareholders and concerned persons.

3.7. If resolutions of Board of Directors may have a different effect on various groups of shareholders, Board of Directors, at the time of adopting a decision, shall ensure fair treatment of all the shareholders.

3.8. The structure of corporate governance shall provide for strategic management of OAO MMK, efficient control of the Company's executive bodies by the Board of Directors and accountability of the Board of Directors to the General Shareholders' Meeting.

3.9. OAO MMK deems it expedient to distribute duties among members of the OAO MMK Board of Directors for the purpose of ensuring that decisions on issues within the competence of the Company's Board of Directors are made in a fair and unbiased manner.

3.10. OAO MMK deems it possible to form, within the Board of Directors, standing committees related to the most important spheres of corporate governance.

In the opinion of OAO MMK, the major purpose of the committees will be to assist the Company's management in determining the Company's objectives, evaluating its performance, and developing proposals and recommendations to the Board to enhance its decision-making related to changes in the Company.

Such committees shall be elected on an annual basis, as the need arises.

4. DISCLOSURE OF INFORMATION AND PUBLIC RELATIONS

4.1. Making the Company's activities transparent to the shareholders and investors shall be the primary objective of OAO MMK.

4.2. OAO MMK shall have annual audits made by an independent auditor to provide an external and objective opinion of the manner of preparation and presentation of financial statements.

4.3. OAO MMK shall disclose its consolidated financial statements for 2001 and subsequent years made according to both Russian and international standards of accounting (IAS).

4.4. OAO MMK intends to adopt the Generally Adopted Accounting Principles (US GAAP) starting from 2001.

4.5. OAO MMK shall strive to broaden the scope of information publicly available on its website and do its best to constantly update the website.

4.6. Information on the Company's current developments of importance shall be provided through mass media and the website.

4.7. Information distributing channels shall provide an equitable, timely and not excessively expensive access to users.

4.8. OAO MMK will publish this document on corporate governance and the report on its fulfillment in its annual Report and submit it to the General Meeting of Shareholders.

4.9. OAO MMK will revise and update this Code of Corporate Governance as circumstances change and as relevant experience is acquired.