

APPROVED BY:  
Decision of the OJSC MMK Annual General  
Shareholders' Meeting  
dated May 29, 2015 # 41  
Chairman of the Meeting

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

## **REGULATION**

ON THE BOARD OF DIRECTORS  
OF THE OPEN 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 OJSC (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 Open 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. The Board of Directors shall consist of 10 persons.
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. 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. For the purposes of these Regulations the members of the Board of Directors, who meet the criteria of independence of members of the Board of Directors as stipulated in Annex No. 1 hereto, shall be deemed to be independent directors:

For the purposes of interested party transactions, a definition of the independent director contained in Article 83 of the Law shall apply.

6. Independent directors should refrain from actions that may compromise their independent status.

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 at [www.mmk.ru](http://www.mmk.ru).

7. The Board of Directors (the Committee for nominations and remuneration) shall assess, including based on the information submitted by candidates, the independence of candidate members of the Company's Board of Directors and make a conclusion about their independence.

The Board of Directors (the Committee for nominations and remuneration) of the Company shall carry out regular analysis of the independent members of the Board of Directors of the Company for compliance with the independence criteria.

8. Information on compliance of the Company's Board members with the independence criteria shall be disclosed in the Company's annual report.

9. For the purposes of these Regulations, 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.

10. 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. For the purposes of these Regulations, 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 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 40 days following the end of the financial year.

2. A proposal to nominate a candidate shall be submitted in written form and 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 shareholder.

3. 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, and the body for election to which such a candidate is nominated;
- 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.

4. The Company, pursuant to the current legislation of the Russian Federation and internal documents of the Company, shall take steps to nominate candidates to the Board of Directors, whose personal and professional qualities and reputation should not raise doubts whether they will act in the interests of the Company and its shareholders. It is recommended, for the position of a member of the Board of Directors, to nominate and elect a person with impeccable business and personal reputation and possessing knowledge, skills and experience in various aspects of Company's operation (knowledge of industry, markets in which the Company operates, finance and investment, accounting and auditing, human resource management, understanding of corporate governance) needed for making decisions within the competence of the Board of Directors, and required for the effective discharge of its functions.

5. The Company, in accordance with the Russian Federation laws and the Company's internal documents, shall take steps to nominate candidates for the Board of Directors who satisfy the criteria for independent directors.

6. 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 3 of these Regulations.

7. 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 3 of these Regulations;
- the shareholder (shareholders) do(es) not own the appropriate number of the voting shares specified in p. 1. of Article 3 of these Regulations;
- the proposals do not conform to the requirements of pp.2 and 3 of Article 3 of these Regulations.

8. 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.

9. Should there be no or not enough 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.

#### **Article 4 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.

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

7. 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 cease, except for the cases stipulated by paragraph 2 of article 14 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.

8. 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 5 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 affair 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 6 Election of the Chairman and Deputy 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 votes of the elected Board members.

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

2. The Deputy Chairman of the Board of Directors of the Company shall be elected by the Board Directors of the Company from their own number by a majority of votes of the Directors present at a Board meeting.

The Board can at any time elect a new Deputy Chairman by a majority of votes of the Directors present at a Board meeting.

3. A contract can be signed with the Chairman of the Board of Directors by the Deputy Chairman of the Board on behalf of the Company or by a person authorized by the Company's Board of Directors.

## **Article 7 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 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 his functions shall be performed by the Deputy Chairman.

In the absence of both the Chairman and the Deputy Chairman of the Board 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 and technical 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 8 Committees of the Company's Board of Directors**

1. For the purpose of 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 standing committees for the term of the Board of Directors' authority.

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

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 OJSC MMK approved by the Company's Board of Directors.

## **Article 9 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 organizational/management documents and/or regulating documents.

## **Chapter III. MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS**

### **Article 10 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 Auditing Commission or 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 (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 Auditing Commission or the Management Board, such a request shall be accompanied by an excerpt from the minutes of Auditing Commission's or 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.

### **Article 11 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 Auditing Commission, 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 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 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.

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

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 12 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, the date, time and place of a Board meeting can be changed, with consent of the majority of the Board members.

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 13 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. 2 hereto).

2. Such notification shall be sent to the Board members in writing or in any other form convenient to them, including by mail, e-mail, fax, telegraph, teletype or otherwise, or by personal delivery to the Board member.

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 12 days prior to the meeting of the Board of Directors the Company's executive bodies shall submit to the Board Chairman information/materials 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. 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), 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.

6. 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 and draft decisions on the items of the meeting's agenda in electronic format for review and preparation for the meeting.

7. The Secretary of the Board of Directors shall have final information/materials 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 14 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 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 3 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, 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.

#### **Article 15 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 4 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, facsimile, telegraph, teletype or otherwise, and its original shall be simultaneously sent to the Company's address.

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 16 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 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.

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.

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 issued.

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 17 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, Auditing Commission 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 (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 Company's Auditing Commission or the Management Board, it shall be accompanied by an extract from the minutes of meeting of the Auditing Commission or the Management Board, which adopted the decision to request absentee voting.

5. 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) 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.

6. 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 mail, electronic mail, facsimile, telegraph, teletype or any other means of communications or by personal delivery to the Board member.

7. 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 of elected Board members, 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.



## **Article 18 Ballots for Absentee Voting**

1. Absentee voting ballots shall contain the following information (Annex 6 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. 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.

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, fax, telegraph, teletype or other means of communications, followed by the originals sent simultaneously to the addresses indicated in the decision on holding absentee voting.

## **Article 19 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 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;
- decision taken on **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 OJSC MMK.

The size of such remuneration and 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. 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.