

Annex No. 1

to the Regulations on the Board of
Directors of OJSC MMK

CRITERIA FOR THE DETERMINATION OF THE INDEPENDENT STATUS OF THE BOARD MEMBERS OF OJSC MMK IN ACCORDANCE WITH THE CORPORATE GOVERNANCE CODE

1. This Annex No. 1 to the Regulations on the Board of Directors sets forth the independence criteria for the members of the Company's Board of Directors, including the relationship criteria and their materiality.

2. A candidate to (elected members of) the Company's Board of Directors shall be considered independent, provided that:

1) the candidate (elected Board members) and (or) its related persons¹ are not and have not been within the last three years members of the executive bodies or employees of the Company, any company controlled by the Company and (or) the management company of the Company;

2) the candidate (elected Board members) and (or) its related persons are not the members of the Board of Directors of a legal entity exercising the control over the Company or controlled by the Company or of the managing company of such legal entity;

3) the candidate (elected Board members) and (or) its related persons did not receive during any of the last three years a remuneration and (or) other material benefits from the Company and (or) companies controlled by the Company in an amount that exceeds half of the fixed annual remuneration of a member of the Company's Board. This does not take into account any payments and (or) compensations received by the candidate (elected Board members) and (or) related persons as a remuneration or reimbursement of costs for the discharge of duties as a Board member (member of the Board of Directors' Committee) of the Company and (or) a company controlled by the Company, including those associated with the Board members' liability insurance, and income and other payments received by the candidate (elected Board members) and (or) its related persons on the securities of the Company and (or) a company controlled by the Company;

4) the candidate (elected Board members) and (or) its related persons are not the holders of or beneficiaries under :

- the Company's shares² that constitute more than one percent of the authorized capital or total number of voting shares of the Company, or which market value by more than 20 times exceeds the amount of the fixed annual remuneration of the Company's Board member,

- the shares of a material contractor or competitor of the Company³ that constitute more than 5 percent of the authorized capital or total number of voting shares;

¹ For the purpose of this Annex **related persons** of a natural person shall mean: a person's spouse, parents, children, stepparents, stepchildren, siblings, half-brothers and sisters, grandparents and anyone who shares such person's home.

² For the purpose of this Annex a **beneficiary under the Company's shares** shall mean a natural person who is by virtue of his/her participation in the Company on the basis of a contract or otherwise receives economic benefit from holding the shares and (or) disposing of the votes attaching to the shares comprising the Company's authorized capital.

³ For the purpose of this Annex a **Material Contractor** of the Company shall mean a party to a contract(s) made with the Company with a liability under the contract(s) amounting to 2 or more percent of the assets balance value or two or more percent of the revenue (earnings) of the Company (including the group of companies controlled by the Company) or

5) the candidate (elected Board members) and (or) its related persons are not dependent from the Company's material shareholder⁴, and namely:

a) are not employees and (or) members of the executive management bodies of the Company's material shareholder (legal entity from the group of companies⁵ comprising the Company's material shareholder);

b) did not receive during any of the last three years a remuneration and (or) other material benefits from the Company's material shareholder (legal entity from the group of companies comprising the Company's material shareholder) in an amount that exceeds half of the fixed annual remuneration of a member of the Company's Board. This does not take into account any payments and (or) compensations received by the candidate (elected Board members) and (or) its related persons as a remuneration and (or) reimbursement of costs for the discharge of duties as a Board member (member of the Board of Directors' Committee) of the Company's material shareholder (legal entity from the group of companies comprising the Company's material shareholder), including those associated with the Board members' liability insurance, and income and other payments received by the candidate (elected Board members) and (or) its related persons on the securities of the Company's material shareholder (legal entity from the group of companies comprising the Company's material shareholder);

c) are not members of the Board of Directors of more than two legal entities controlled by the Company's material shareholder or by the person exercising the control over the Company's material shareholder;

6) the candidate (elected Board members) and (or) its related persons are not employees and (or) members of the management boards of a material contractor or competitor of the Company and legal entities exercising the control over the material contractor or competitor of the Company or companies controlled by it;

7) the candidate (elected Board members) and (or) its related persons have not during the last three years provided to the Company or legal entities controlled by the Company the evaluation, tax consulting, auditing or accounting services, or have not during the last three years been the members of the management boards of the companies providing such services to the mentioned legal entities or of the Company's rating agency, or have not been employees of the rating agency or of the companies directly involved in the provision of the respective services to the Company.

8) the candidate (elected Board members) and (or) its related persons do not provide to the Company, to the person exercising the control over the Company or to legal entities controlled by the Company any consulting services, or are not the members of the management boards of the companies providing such services to the Company or mentioned legal entities, or are not employed by the companies directly involved in the provision of such services;

9) the candidate (elected Board members) and (or) its related persons are not the employees and/or members of the executive bodies of a legal entity, if their remuneration is determined (reviewed) by the Board's Remuneration Committee (Board of Directors) of such legal entity and a member of the mentioned

the Company's material contractor (the group of companies comprising the Company's material contractor).

⁴ For the purpose of this Annex the Company's **Material Shareholder** shall mean a person that is entitled directly or indirectly (through the persons controlled by it), on its own or jointly with other persons with whom it has a fiduciary management agreement and (or) simple partnership agreement and (or) trust deed and (or) shareholders agreement and (or) another agreement for the exercise of the rights certified by the issuer's shares, to dispose of five and more percent of the votes under the voting shares comprising the authorized capital of the Company.

⁵ For the purpose of this Annex a **Group of Companies** shall mean one or more legal entities exercising control over or being controlled by each other.

Remuneration Committee (Board of Directors) is any of the employees and (or) members of the Company's executive bodies;

10) the candidate (elected Board members) is not related with the state or municipal units, state or local authorities, and namely:

a) is not and has not been during one year prior to being elected to the Company's Board of Directors a state or municipal official or a person filling the positions with governmental authorities or an employee of the Bank of Russia;

b) is not a representative of the Russian Federation, a constituent of the Russian Federation or a municipal unit in the Company's Board of Directors with respect of which it was decided to exercise a special right to take part in the management ("golden share");

c) is not and has not been during one year prior to being elected to the Company's Board of Directors a member of the executive body or employee otherwise vested with the management authorities of an organization controlled by the Russian Federation, a constituent of the Russian Federation or municipal unit, an employee of a state or municipal unitary enterprise or institution (except for the employees of state or municipal educational or scientific organizations that carry out educational or scientific activities and are not the persons that have been appointed (approved) for the position of the sole executive body or for another position with a state or municipal educational or scientific organization upon a decision or approval of the state authorities (local government bodies), if such person is nominated as a candidate to the Board of Directors of the Company in which more than 20 percent of the Company's authorized capital or voting shares is controlled by the Russian Federation, a constituent of the Russian Federation or municipal unit.

d) is not bound to vote on one or more items within the scope of the Board of Directors' competence in compliance with the directive of the Russian Federation, constituent of the Russian Federation or municipal unit

11) the candidate (elected Board members) has not held an office of the Company's Board member for more than 7 years.