

**APPROVED BY:
Resolution of the Board of Directors
MMK OJSC
Minutes No. 18 dd. 22.05.2015**

Chairman of the Board of Directors

_____ **Viktor F. Rashnikov**

REGULATION

**ON THE PROCEDURE OF REMUNERATION
AND COMPENSATION OF EXPENSES
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE OPEN JOINT-STOCK COMPANY
MAGNITOGORSK IRON & STEEL WORKS**

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1 Scope of application

1.1 This Regulation regulates the size and procedure of remuneration and compensation of expenses of the members of the Board of Directors of Magnitogorsk Iron and Steel Works Open Joint Stock Company during the execution of their duties.

2 References

2.1 This regulation has been developed in accordance with the following documents:

Federal Law "On Joint Stock Companies" № 208-FZ dated 26.12.1995;

Code of Corporate Governance recommended for use by the letter of the Central Bank of the Russian Federation No. 06-52/2463 dated 10.04.2014;

Corporate Governance Code of MMK OJSC approved by the resolution of the Board of Directors of MMK OJSC on 21.09.2001;

Charter of MMK OJSC approved by the Annual General Meeting of Shareholders of MMK OJSC on 24.05.2013;

Regulation on the Board of Directors of MMK OJSC approved by the Annual General Meeting of Shareholders of MMK OJSC on 20.05.2011;

Regulation on the procedure for settlement of corporate conflicts of MMK OJSC approved by resolution of the Board of Directors of MMK OJSC on 16.07.2010.

3 Terms and abbreviations

3.1 In this regulation the following terms and abbreviations shall be used:

Non-Executive Director - Member of the Board of Directors of Magnitogorsk Iron & Steel Works Open Joint Stock Company, which is not a member of the collegial executive body - the Management Board and not the sole executive body - the General Director of the Company or which is not in an employment relationship with the Company.

Independent Director – a Member of the Board of Directors of MMK OJSC recognized as an independent director in accordance with the Federal Law "On Joint Stock Companies", provisions of the Charter and internal documents of the Company;

Company - Magnitogorsk Iron and Steel Works Open Joint Stock Company;

Board of Directors - The Board of Directors of MMK OJSC;

RF - Russian Federation.

4 General Provisions

- 4.1 The remuneration and compensation of expenses shall be paid in accordance with the current RF legislation, the Charter, Company's by-laws.
- 4.2 The Member of the Board of Directors may refuse in writing, in full or in part, remuneration for the performance of his(her) duties by filing an appropriate application to the Chairman of the Board and indicating the amount of remuneration and the period.

5 Amount and procedure of remuneration and compensation of expenses to the members of the Board of Directors

- 5.1 The Committee for Nominations and Remuneration shall recommend to the Board the amount of remuneration and compensation to be paid to the members of the Board of Directors.
- 5.2 The amount of remuneration and compensation of expenses to the of the Board of Directors shall be approved in a lump sum by the general meeting of shareholders on the basis of recommendations of the Board.
- 5.3 The remuneration shall be paid to the independent and non-executive directors for the performance of duties of the members of the Board of Directors and to the Chairman of the Board of Directors of the Company.

The amount of remuneration shall be determined by the contracts concluded with the independent and non-executive members of the Board of Directors and the Chairman of the Board of Directors of the Company in a manner provided by the Regulation on the Board of Directors.

- 5.4 The remuneration shall be paid by the Company via bank transfer to the bank accounts of the members of the Board of Directors on a monthly basis.
- 5.5 The taxes shall be charged and withheld according to the legislation in force in the Russian Federation.
- 5.6 The deductions in favour of third parties can be made from the remuneration upon the payer's personal request.
- 5.7 The expenses related to the performance by the members of the Board of Directors of their functions shall be reimbursed in accordance with the actual expenses incurred based on documentary evidence. Such reimbursement shall be effected by the Company within 10 calendar days after presentation of the relevant documentary evidence.
- 5.8 The Company may pay an advance fee at the written request of the member of the Board of Directors. Advances to cover expenses related to the performance of the functions of the members of the Board of Directors

shall be paid based on the Board member's application with subsequent presentation of the relevant documentary evidence.

6 The Company's responsibility and disclosure of information

- 6.1 Any conflicts related to the payment of remuneration or compensation of expenses to the members of the Board of Directors shall be settled (resolved) in accordance with the applicable laws of the Russian Federation and the Company's by-laws.
- 6.2 The amount of remuneration and compensation of expenses payable to the members of the Board of Directors shall be subject to disclosure by the Company in accordance with the procedures and timeframe established by the applicable laws of the Russian Federation pertaining to disclosure of corporate information, and the Company's Charter and by-laws.