

APPROVED by
the Decision of the Board of Directors
of OJSC MMK
Minutes no. 11 dated 21.11.2014
PABP OJSC MMK-2014
Rev. no.0

Policy for Business Processes Architecture of OJSC MMK and Companies of the MMK Group

1 Introduction

Policy for the design and organization of the System of Business Processes (hereinafter – the Policy) within the MMK Group is the basic document that defines targets, objectives, key principles and guidelines for the activity of OJSC MMK and Companies of the MMK Group in the area of design and organization of business processes within the MMK Group for the purposes of implementation of the MMK Group's Development Strategy.

The System of Business Processes is a set of interrelated business processes and it is implemented through the design and organization of business processes of OJSC MMK and companies of the MMK Group.

Design and organization of the System of business processes within the MMK Group (Business Processes Architecture) includes the following: design, organization and coordination of the design, description, analysis of business processes of the MMK Group and elaboration of proposals for the optimization and improvement of the efficiency.

The System of business processes in corporate governance within the MMK Group allows to consider the MMK Group as interrelated business processes functioning on the basis of the already established principles and rules. The following parameters are defined for each business process:

- owner;
- boundaries (inputs and outputs);
- participants and results;
- position in the System of business processes;
- BP performance indicators.

2 Scope of application

Policy for the architecture of business processes is an integral part of the management system within the MMK Group and applies to OJSC MMK and Companies of the MMK Group.

Adherence to the principles and guidelines of this Policy is compulsory for all structural units (departments) of OJSC MMK and companies of the MMK Group.

3 Policy Objectives

Policy objective regarding the Architecture of business processes is to define basic principles, targets for the design and organization of the BP System, arrangement of the conditions for the implementation of the Development Strategy for the MMK Group.

4 Fundamental Principles

Formation and development of the System for design and organization of business processes (Business Process Architecture) in the MMK Group is achieved through the following principles:

Fundamentality. The system of business processes is the foundation (basis) for the operation and development of each business function (functional area) and existing Systems within the MMK Group, such as: System of Corporate Governance, Comprehensive Risk Management System, Internal Control System, Internal Audit System, Quality Management System, Industrial Health and Occupational Safety Management System, Environmental Management System, Integrated Management System and others.

Orderliness. The BP system provides for the regulation of all existing business processes, the order of control and monitoring of business processes (execution of which (fully or partially) is transferred to outsourcing) and new activities.

Flexibility. The BP system quickly responds to changes in organizational structure and excludes the loss or duplication of functions. New activities are easily incorporated into the existing System of business processes by building the architecture of business processes.

Optimality. Building of BP system is optimal in terms of the structure of business processes and organization of their performance.

Controllability. The system of business processes ensures transparency and controllability of the business, as well as its evaluation under the specified parameters.

Protectability. The well-adjusted system of business processes reduces the impact on such business process as the personnel turnover.

Automation. The system of business processes is the basis for the implementation of the best developments and advances in the field of information technology management.

5 Guidelines for Policy Implementation

Policy implementation is achieved by:

- 1 Analysis of business processes, identification of the most important and problematic business processes to improve them.
- 2 Development of methodology for the identification, modeling, regulation of business processes.
- 3 Definition of hierarchy of normative documents regulating business processes;
- 4 Working-out of key indicators for the process, system for their planning and control of achievement.
- 5 Implementation of measures for the evaluation of the BP system.
- 6 Arrangement of conditions for professional training and employee education.
- 7 Formation of strategy for the functioning and development of BP Architecture.
- 8 Consistency with international practice in the field of design and organization of business processes through the implementation of best developments.

APPROVED by

S.A. Laskov, Deputy General Director for Production

S.A. Sulimov, Deputy General Director for Finances and Economy

N.V. Lyadov, Deputy General Director for Sales

O.A. Shashkov, Commercial Director

E.A. Bolotova, Head of Administration for Internal Control, Audit, Risk Management and Business Processes

A.I. Nenashev, Director for Security

S.V. Shepilov, Director for Legal Matters

M.V. Lapin, Director for Business Development and Performance Management

O.V. Kiykov, Director for Human Resources

S.Ya. Unru, Director for Industrial Safety, Labour Protection and Ecology

S.V. Krivoschekov, Director for Corporate Matters and Social Programs

N.A. Sokolova, Senior Manager, Subsidiaries Coordination Center

A.V. Kruglov, Senior Manager, Quality System Group