

APPROVED BY

**Decision of the Board of Directors
of OJSC MMK
Minutes no.2 dated 06.07.2013**

Chairman of the Board of Directors:

_____ **V.F. Rashnikov**

REGULATIONS

**on the OJSC MMK Board of Directors' Committee for
Strategic Planning**

City of Magnitogorsk

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1 Scope of Application

1.1 These Regulations on OJSC MMK Board of Directors' Committee for Strategic Planning (hereinafter referred to as "Regulations") determine the procedure of setting up and functioning of the OJSC MMK Board of Directors' Committee for Strategic Planning (hereinafter referred to as "the Committee") and the rights and obligations of the Committee's members.

1.2 Regulations have been adopted for the purpose of further improvement of the corporate governance practices of the Magnitogorsk Iron and Steel Works Open Joint Stock Company (hereinafter referred to as "OJSC MMK") and bringing them in line with the international standards of corporate governance and recommendations of the Central Bank of the Russian Federation.

2 References

2.1 These Regulations have been developed based on the requirements of the following documents:

- **Federal Law "On Joint Stock Companies"** dated 26.12.1995, # 208-FZ;
- **Corporate Governance Code** recommended for application by the Letter of the Central Bank of the Russian Federation no.06-52/2463 dated 10.04.2014;
- **Charter of the Magnitogorsk Iron and Steel Works Open Joint Stock Company** approved by decision of the Magnitogorsk Iron and Steel Works OJSC Annual General Shareholders' Meeting on 24.05.2013;
- **Corporate Governance Code of OJSC MMK** approved by decision of the Company's Board of Directors on 21.09.2001;
- **Regulations on the Board of Directors of OJSC MMK** approved by decision of the OJSC MMK Annual General Shareholders' Meeting on 29.05.2015;
- **Regulations on the Procedure of Settling Corporate Conflicts within OJSC MMK** approved by decision of the Board of Directors of OJSC MMK on 16.07.2010.

3 Terms and Definitions

3.1 The following terms and definitions shall be used herein:

"MMK Group" means a group of companies with a shared corporate management and control system which aim at a common strategic objective;

"Law" means Federal Law no.208-FZ "On Joint Stock Companies" dated 26.12.1995;

"Charter" means the Charter of OJSC MMK;

"Committee" means the OJSC MMK Board of Directors' Committee for Strategic Planning set up by decision of the Board of Directors and intended for preliminary review and preparation of recommendations to the Board of Directors prior to adoption of decisions on issues referred to the competence of the Board of Directors.

"Company" means the Magnitogorsk Iron and Steel Works Open Joint Stock Company (OJSC MMK);

"Board of Directors" means the Board of Directors of OJSC MMK;

"General Director" means the sole executive body – General Director of OJSC MMK;

"Secretary of the Committee" means the manager of the OJSC MMK's division, whose functions comprise support of activities of the Company's Board of Directors' Committees.

4 General

4.1 The Committee has been set up for the purpose of preliminary review and preparation of recommendations to the Board of Directors prior to adoption of decisions on issues referred to the competence of the Board of Directors regarding strategic planning, settlement of corporate conflicts, economics, finances, credit and dividend policies of the Company.

4.2 In its activities the Committee shall be fully accountable to the Board of Directors.

4.3 In its activities the Committee shall be guided by the laws of the Russian Federation, the Company's Charter, the Regulation on the Company's Board of Directors, decisions of the Board of Directors, these Regulations and other internal documents of the Company approved by the Company's General Shareholders' Meeting and Board of Directors as well as the Committee's decisions.

5 Committee's Goals

5.1 The Committee shall provide the Board of Directors with objective information on the activities and current situation of the Company regarding the issues considered by the Committee.

5.2 The Committee shall contribute to enhancing the efficiency of the Board of Directors' activity and its decision-making.

6 Committee's Functions

6.1 The Committee shall review and prepare recommendations to the Board of Directors on the following issues:

6.1.1 Determination of prioritized spheres of the Company's and its subsidiaries' activity; determination of the Company's and its subsidiaries' development strategy.

6.1.2 Approval of long-term plans, programs, policy and main spheres of the Company's and its subsidiaries' activity, amendments to the specified documents and control of compliance therewith, as pertaining to:

- investment activities;
- innovative activities;
- integration activity;
- production activities;
- improvement of the quality management system;
- raising and allocation of funds (including borrowing policy, loan and guarantee policy);
- increase of the assets' value and capitalization level;
- determination of priorities in the sphere of procurement and sales;
- property management;
- social policy;
- management of the Company's subsidiaries (including non-profit institutions);
- investor relations;
- other spheres in accordance with the Activity Plan of the Board of Directors.

6.1.3 Increase of the Company's authorized capital by means of the Company's placement of additional shares within the number and category (type) of declared shares through contributing the Company's assets, in cases when such placement is carried out by distribution among the shareholders;

6.1.4 Increase of the Company's authorized capital by means of the Company's placement of additional ordinary shares within the number and category (type) of declared shares through open subscription, in the quantity of 25 or less per cent of the Company's ordinary shares placed earlier;

- 6.1.5 Increase of the Company's authorized capital by means of the Company's placement of additional preferred shares within the quantity of declared shares of such category (type), through open subscription;
- 6.1.6 The Company's placement of bonds or other securities in cases provided for by the Law;
- 6.1.7 The Company's placement of bonds convertible into shares or other securities convertible into shares;
- 6.1.8 The use of securities in the course of the Company's business;
- 6.1.9 The determination of the price (monetary value) of the assets, placement and redemption prices of securities, in cases provided for by the Law;
- 6.1.10 The acquisition of the Company's placed shares in accordance with p.2 of Art.72 of the Law;
- 6.1.11 The acquisition of the Company's placed bonds or other securities, in cases provided for by the Law;
- 6.1.12 Placement of bonds which can be redeemed by the Company's placed shares;
- 6.1.13 Approval of a decision on the issue (additional issue) of the Company's securities and the prospectus;
- 6.1.14 Approval of a report on the issue (additional issue) of the Company's securities;
- 6.1.15 Adoption of a decision on the disposition of shares held by the Company;
- 6.1.16 Approval of reports on redemption of the Company's shares;
- 6.1.17 Approval of reports on the shareholders' requests to buy back the Company's shares held by them;
- 6.1.18 Approval of reports on the Company's acquisition of shares;
- 6.1.19 Use of the reserve and other funds of the Company;
- 6.1.20 Approval of large-scale transactions in cases provided for by Section X of the Law;
- 6.1.21 Approval of transactions provided for by Section XI of the Law;
- 6.1.22 Adoption of a decision on the entering into transactions, including those made in the normal course of the Company's business, with the value exceeding 10 % of the book value of the Company's assets, pursuant to the accounting data as of the latest date, and adoption of a decision on the disposition of immovable property irrespective of the transaction value.
- 6.1.23 Engagement of an independent appraiser for determination of the market value of property, when placing an issue regarding approval of a large-scale transaction stipulated in Section X of the Law on the agenda of the General Shareholders' Meeting or the Company's Board of Directors' meeting.
- 6.1.24 Approval of the Company's Registrar and the terms and conditions of a contract therewith, as well as termination of such a contract;
- 6.1.25 Approval of the financial and business plan (budget) of the Company for the financial year and control of execution; adoption of decisions on conducting transactions beyond the scope of the Company's budget (non-standard transactions);
- 6.1.26 Total or partial cessation of production or sales of products, provision of services, performance of activities;
- 6.1.27 Opening and closing of the Company's branches or representative offices, approval of regulations governing the activities of such branches or offices, and adoption of amendments or supplements thereto;
- 6.1.28 The Company's participation, change or disposal of an interest in the equity of other companies (except for the companies specified in subparagraph 18, p.1, Clause 48 of the Law);
- 6.1.29 Application for listing of shares or securities convertible into shares;
- 6.1.30 Issues pertaining to preparation for and conduct of the general shareholders' meeting pursuant to Section VII of the Law;

- 6.1.31 Approval of the agenda of the general shareholders' meeting;
- 6.1.32 Convocation of annual and extraordinary general shareholders' meetings, with the exception of cases set out in p.8 of Article 55 of the Law;
- 6.1.33 Recommendations to the General Shareholders' Meeting regarding the distribution of profit, including the size of dividend to be paid on shares and the procedure of payment thereof, and losses of the Company as of the end of the reporting year;
- 6.1.34 Preapproval of the Company's annual report;
- 6.1.35 Presentation for the decision of the general shareholders' meeting of the issue of the Company's reorganization;
- 6.1.36 Presentation, for the decision of the general shareholders' meeting, of the issue of the Company's liquidation and appointment of a liquidation committee;
- 6.1.37 Presentation, for the decision of the general shareholders' meeting, of the issue of increasing the Company's authorized capital by raising the shares' par value;
- 6.1.38 Presentation, for the decision of the general shareholders' meeting, of the issue of splitting or consolidating the Company's shares;
- 6.1.39 Presentation, for the decision of the general shareholders' meeting, of the issue of approval of large transactions, in cases provided for by Article 79 of the Law;
- 6.1.40 Presentation, for the decision of the general shareholders' meeting, of the issue of approval of transactions, in cases provided for by Article 83 of the Law;
- 6.1.41 Presentation, for the decision of the general shareholders' meeting, of the issue of acquisition by the Company of placed shares, in cases provided for by the Law;
- 6.1.42 Presentation, for the decision of the general shareholders' meeting, of the issue of participation in financial industrial groups, associations, and other conglomerations of commercial organizations;
- 6.1.43 Presentation, for the decision of the general shareholders' meeting, of the issue of application for delisting of the Company's shares and (or) securities convertible into shares;
- 6.1.44 Approval of the Company's internal documents, excluding internal documents whose approval falls within the competence of the general shareholders' meeting pursuant to the Law, and any other internal documents whose approval falls within the competence of the Company's executive body;
- 6.1.45 Submission of a proposal for the general shareholders' meeting to set a date on which persons entitled to be paid dividends are defined;
- 6.1.46 Control over implementation of the Board of Directors' decisions by the Executive Body; analysis of reports submitted by the Company's Executive Body on implementation of the Board of Directors' decisions;
- 6.1.47 Approval of the Report of the Board of Directors on the Results of the Company's Development in Prioritized Spheres to be included into the Company's annual report;
- 6.1.48 Presentation, for the consideration by the Board of Directors, of reports on the performance of the Board's committees for the year;
- 6.1.49 Other issues according to instructions of the Chairperson of the Board of Directors.

7 Committee's Rights and Obligations

- 7.1 To perform its functions the Committee shall be vested with the following rights:
 - 7.1.1 Control execution of decisions and instructions of the Board of Directors in its sphere of competence;

7.1.2 Obtain any information and documents necessary for the performance of its functions from the Company's General Director and heads of structural divisions through the Committee's Secretary;

7.1.3 Summon the Company's employees, members of other Committees or third parties to the Committee's meetings;

7.1.4 Provide the Board of Directors with recommendations on any issues within the Committee's competence;

7.1.5 If necessary, draft and present for approval of the Board of Directors any amendments or additions to these Regulations.

7.2 The Committee shall be obliged to:

7.2.1 Perform its functions in accordance with these Regulations, the Russian Federation laws in effect, the Company's Charter and internal documents;

7.2.2 Inform, in a timely fashion, the Board of Directors of the Company's exposures with regard to the issues within the Committee's competence;

7.2.3 Keep confidential the information constituting a commercial and/or internal secret of the Company.

8 Procedure of the Committee's Election and Membership

8.1 The Committee shall be set up by decision of the Board of Directors and comprised of the Board members. The composition of the Committee and its Chairperson shall be approved by the Board of Directors on the recommendation of the Board's Chairperson. The decision on the election of the Committee's members shall be taken by the majority of the Board members taking part in the relevant meeting of the Board.

8.2 On the recommendation of its Chairperson, the Committee may use the services of experts having the required professional knowledge.

8.3 A member of the Board of Directors may not serve on more than two committees of the Board.

8.4 A member of the Board of Directors may not be a Chairperson of more than one committee of the Board.

8.5 The Committee members may be re-elected an indefinite number of times.

8.6 By decision of the Board of Directors, the authority of all members of the Committee can be subject to early termination.

8.7 A member of the Committee shall be entitled to early resignation by tendering a written notice to the Chairperson of the Board of Directors and the Committee's Chairperson. The authority of such a member of the Committee shall be deemed terminated, and its vote no longer counted towards the quorum or the voting results as from the date indicated in the notice, and if no date is indicated therein, as from the date of receipt of such a notice by the Board of Directors' Chairperson (or pursuant to the procedure and cases defined by par.7 of Article 4 of the Regulations on the Board of Directors of OJSC MMK).

8.8 Shareholders and owners of depositary receipts on the Company's shares may apply to independent directors pursuant to the procedure stipulated by the Company's internal documents.

9 Committee's Chairperson and Secretary

9.1 In its work the Committee shall be guided by a Chairperson elected from among the Committee members at a meeting of the Board of Directors.

9.2 The Committee's Chairperson shall perform the following functions:

9.2.1 organize the Committee's meetings;

9.2.2 preside over the Committee's meetings. In his/her absence the Committee's members shall elect a presiding person from among the members present;

9.2.3 draw up work plans of the Committee for the current period in line with the work plan of the Board of Directors and based on proposals from the Board of Directors' Chairperson, and the Committee's members, or decisions of the Committee and the Board of Directors;

9.2.4 take steps to provide the Committee's members with information sufficient for taking decisions on a meeting's agenda;

9.2.5 represent the Committee before the Board of Directors;

9.2.6 report to the Board of Directors on the results of the Committee's work.

9.2.7 ensure the correct and timely keeping of minutes at the Committee's meetings;

9.2.8 monitor the execution of the Committee's work plan.

9.3 The Committee's Secretary shall provide organizational, documentation and information support to the Committee in its activity.

10 Time Frame and Procedure for Calling the Committee's Meetings

10.1 The committee's meetings shall be called by the Committee's Chairperson in line with the approved work plan, but at least four times a year.

10.2 The Committee shall approve its work plan at a meeting which shall take place not later than thirty working days from the date of the Board of Directors' meeting which approved the work plan of the Board and/or elected the Committee.

10.3 A decision on calling the Committee's meeting, its date, time, place and agenda, as well as the list of speakers on all items of the agenda, shall be taken by the Chairperson of the Committee.

10.4 Members of the Committee, members of the Board of Directors who are not members of the Committee, and the Company's General Director can request the Committee's Chairperson to consider any question within the Committee's competence.

10.5 The Chairperson and members of the Committee can call a meeting of the Committee beyond the schedule in accordance with proposals received.

10.6 If necessary, a meeting of the Committee can be adjourned as decided by the Chairperson.

11 Procedure of Conducting the Committee's Meetings and Decision-Making

11.1 The Committee's Secretary shall send (by fax, e-mail or courier) a written notification to the members of the Committee regarding the holding of a meeting specifying its date, time and venue, attaching thereto explanatory notes/presentation materials, draft resolutions, blank voting forms and other documents, at least three days prior to the Committee's meeting.

11.2 The quorum for holding a meeting shall be at least half of the elected members of the Committee. When determining the quorum and the voting results, the Committee shall count the votes of the members who are absent from the meeting but have sent completed and signed individual voting forms to the Secretary of the Committee.

11.3 The Committee can invite to its meetings members of the Board of Directors, members of the Company's Management Board, the Company's General Director, other officers and employees of the Company and experts engaged by the Company.

11.4 Speakers at the Committee meetings shall provide explanatory notes/presentation materials, decision drafts and other documents regarding the agenda of the meeting, to the Secretary of the Committee not later than five days prior to the meeting of the Committee in electronic format and hard copy in the Russian, and, if applicable, English languages.

11.5 Decisions at the Committee's meeting shall be taken by physical attendance, counting the individual voting ballots of the Committee's absent members delivered prior to the meeting, as well as by absentee voting. The Committee's meetings may be conducted using different communication technologies (video conferences, conference calls, Internet, etc.).

11.6 Decisions at the Committee's meetings shall be taken by the majority of the Committee members present at the meeting (provided their individual voting ballots). Each committee member shall have one vote. In case of an equal division of votes of the Committee members, the member presiding at the meeting shall have the casting vote.

11.7 A decision on holding a meeting of the Committee in the form of absentee voting shall be taken by the Chairperson of the Committee who will determine the date of the meeting and its agenda.

11.8 In case of absentee voting members of the Committee shall send their completed and signed individual voting ballots to the Secretary of the Committee by fax or e-mail, with the original to follow by courier.

11.9 Deemed to have taken part in the absentee voting shall be those members of the Committee whose individual voting ballots have been received by the Secretary of the Committee not later than the date determined by the Chairperson of the Committee for holding a meeting in the form of absentee voting.

12 Minutes of the Committee's Meetings

12.1 Not later than two working days after the meeting held in the form of physical attendance or absentee voting, the Secretary of the Committee shall make minutes of the meeting.

12.2 The minutes shall set out:

- date, time and place of the meeting (or the date of a meeting by absentee voting);
- persons present at the meeting (or those who have provided their individual voting forms in accordance with p.11.2 of these Regulations);
- the meeting's agenda (or the agenda of a meeting by absentee voting);
- issues put to the vote, and the results of voting thereon;
- decisions taken (recommendations to the Board of Directors).

12.3 Minutes of the Committee's meetings shall be signed by the Chairperson or a member of the Committee presiding at the meeting, and the Secretary of the Committee who shall be responsible for the correct keeping of the minutes.

Attached to the minutes shall be individual forms of voting on the agenda's issues and other documents presented for the consideration of the Committee.

12.4 In case of decision-making with due regard for recommendations of the Committee of the Board of Directors, the Secretary of the Committee shall send to the Board of Directors the following documents:

- a copy of the minutes of meeting of the Committee;
- an extract from the minutes of meeting of the Committee with recommendations on the provisional agenda for the meeting of the Board of Directors;
- explanatory notes/presentation materials;
- draft decisions of the Board of Directors;
- supplements (plans, programs, regulations, calculations, etc.).

12.5 Original copy of the minutes of meeting shall be kept by the Committee's Secretary who ensures its permanent storage.

12.6 The minutes of the Committee's meetings shall be provided to the members of the Committee upon their written request.

12.7 An extract from the minutes of the Committee's meeting shall be provided upon a request to be sent to the Committee's Secretary.

12.8 Execution of the resolutions adopted by the Committee shall be monitored by the Committee's Secretary.

13 Accountability of the Committee to the Board of Directors

13.1 The Committee shall submit to the Board of Directors an annual report on its activities not later than thirty business days prior to the date of the Company's annual general shareholders' meeting.

13.2 The report shall contain information on the activities of the Committee during the year, such as:

13.2.1 recommendations given to the Board of Directors regarding issues falling within the competence of the Board and related to the functions of the Committee;

13.2.2 execution of the Committee's work plan;

13.2.3 The Committee's report may contain other material information included at the discretion of the Committee.

13.3 The Board of Directors shall review the Committee's report at the meeting following the receipt of the report.

13.4 The report shall be presented to the Board by the Committee's Chairperson.

13.5 The Board of Directors shall be entitled to instruct the Committee to prepare recommendations on specific issues.

13.6 The Board of Directors shall be entitled, at any time within a year, to demand that the Committee submit a report on its current activities. The deadline for drafting and submitting such a report shall be decided by the Board.

14 Relations of the Committee with the Company's Executive Bodies and Other Persons

14.1 To ensure efficient work members of the Committee must have access to required information.

14.2 General Director of the Company and heads of the structural divisions of the Company shall, within the terms set by the Committee and according to the existing procedures, provide full and correct information and required documents on issues to be discussed at the Committee's meetings.

14.3 Information and documents mentioned in p.14.2 of these Regulations, shall be submitted to the Committee through the Secretary of the Committee, who ensures interaction between the Committee, General Director and heads of the structural subdivisions of the Company.

15 Assistance to the Committee

15.1 The activities of the Committee shall be financed out of the Company's budget through special allocations within the budget of the Board of Directors.

15.2 Proposals regarding the size of the Committee's budget shall be made at the first meeting of the Committee and presented to the Board of Directors.

16 Procedure of Approving and Amending the Regulations on the Committee

16.1 These Regulations shall be approved by the Board of Directors. The decision on the approval shall be adopted by the majority of the Board members present at the relevant meeting of the Board.

16.2 Incorporation of amendments or supplements in the Regulations shall be governed by the same procedure as its approval.

16.3 If, as a result of changes in the applicable laws of the Russian Federation, certain paragraphs of these Regulations should come into conflict with the applicable laws, these paragraphs shall become invalid and, pending introduction of relevant changes in the Regulations, the Committee members shall be guided by the applicable laws of the Russian Federation.