

**APPROVED BY
Resolution of the MMK OJSC
Board of Directors
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Chairman of the Board of Directors

_____ **V. F. Rashnikov**

ANTI-CORRUPTION POLICY
OPEN JOINT-STOCK COMPANY
MAGNITOGORSK IRON & STEEL WORKS

Magnitogorsk

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Introduction

The present Anti-corruption Policy (hereinafter referred to as "the Policy") is the core document of OJSC MMK (hereinafter referred to as "the Company"), which defines the key principles and requirements aimed at prevention of corruption and compliance with the rules of the applicable anti-corruption bribery laws by the Company, members of the Board of Directors and executive bodies, employees and other persons, who may act on behalf of the Company.

The Policy has been worked out in accordance with the law of the Russian Federation, the Articles of Incorporation and other internal documents of the Company with due account for the requirements of the generally recognized principles and norms of international law and international instruments, as well as the UK Bribery Act 2010 (hereinafter, the Act).

The Policy is formulated with the consideration of the fact that in Russia, in the UK and other countries all over the world "the corruption", "the corrupt practices" and "the corrupt activities", as a rule, are considered as bribery, mediation in bribery, abuse of official position or official misconduct, corrupt business practices, facilitating payments, unlawful use of the official position for the purpose of obtaining benefits in the form of money, things of value, other assets, services, any rights for oneself or other persons, or unlawful provision of benefits or rights to that person by other persons.

1 Policy Objectives

The Policy reflects the commitment of the Company and its management to the high ethical standards and principles of open and honest conduct of business, as well as the urge of the Company to improve the corporate culture, and the desire to follow the best practices of corporate governance and maintaining of business reputation of the Company at the adequate level.

The Company sets the following **objectives**:

- To minimize the risk of involving the Company, the Chairman of the Board of Directors, the members of the Board of Directors, the General Director, the members of the Management Board and the employees of the Company, regardless of the position held, (hereinafter jointly referred to as "the Employees"), in the corrupt activities;
- To form for the shareholders, investment banking professionals, counterparties, the Employees, Companies of MMK Group Societies, members of their governing bodies, employees and other persons the uniform understanding of the Policy of the Company on rejection of corruption in all its forms and manifestations;
- To summarize and explain the basic requirements of the anti-corruption law of the Russian Federation and the UK, which may be applied to the Company and the Employees;
- To define the duty of the Employees of the Company to know and to observe the key norms of the applicable anti-corruption law, the principles and requirements of the present Policy, as well as the adequate corruption prevention procedures.

2 Scope of applications of the Policy and obligations

All Employees of the Company should follow the present Policy and strictly observe its

principles and requirements.

The General Director of the Company shall be responsible for the organization of main activities aimed at implementation of the principles and requirements of the present Policy, including the appointment of the persons and/or bodies responsible for the development of anti-corruption procedures, implementation and control thereof, approval of the respective policies and other measures.

Based upon this Policy, the Companies of MMK Group shall adopt their own anti-corruption policies, which define the key principles and requirements aimed at prevention of corruption and compliance with the rules of the applicable anti-corruption laws by these Companies, members of the management bodies thereof, employees and other persons, who may act on behalf of the Companies of MMK Group.

The principles and requirements of the present Policy shall be applied to the persons authorized to act on behalf and in the interests of the Company, to the Companies of MMK Group members of the governing bodies thereof contractors and the employees, as well as to the counter parties and other persons in the cases, when the respective responsibilities are fixed with them by the contracts, by internal documents or directly result from the Act.

3 Applicable anti-corruption law

The Russian anti-corruption: the Company and all Employees should observe the regulations of the Russian anti- corruption law specified, inter alia, by the Criminal Code of the Russian Federation, the Administrative Offences Code of the Russian Federation, the Federal Law "On combatting corruption" and other normative acts, the basic requirements of which are the prohibition of giving bribe, prohibition of acceptance of bribe, prohibition of corrupt business practices and prohibition of mediation in bribery.

The UK anti-bribery law: the Company and the Employees should observe the regulations of the "UK Bribery Act", the basic requirements of which are formulated as follows:

- prohibition of giving bribe, i.e. provision or promises to provide a financial or other benefit/advantage with the intention of influencing any person for improper performance of his or her official functions;
- prohibition of taking bribe, i.e. acceptance or consent to accept a financial or other benefit/ advantage for improper performance of his or her official functions;
- prohibition of bribery of a foreign public official, i.e. provision or promise to provide (directly or through the third parties) to foreign public official any financial or any other benefit/ advantage in order to influence the performance of his/ her official duties to obtain/ retain business or provide competitive or other advantages for the commercial organization;
- failure of a commercial organization to prevent bribery by the person, associated with it, to another person on behalf of such commercial organization, i.e. if the commercial organization cannot demonstrate that it has adequate procedures in force to prevent bribery, then such organization shall be responsible for giving bribe by the person rendering services for and on behalf of the commercial organization (for example, agent, subsidiary, employee) in order to obtain or retain business, to provide commercial and competitive advantages.

All Employees of the Company are strictly forbidden, directly or indirectly, personally or through the mediation of the third parties, to participate in the corrupt activities, to offer, give, promise, ask for or take bribe, or to make payments to facilitate the administrative, bureaucratic and other formalities of any kind, including in the form of monetary assets, objects of value, services or other benefits to any persons and by any persons or organizations, including commercial organizations, regulatory bodies and public authorities, public officers, private companies and persons authorized to act on behalf or in the interests thereof.

The Company and its Employees should observe the generally recognized principles and standards of international law and international agreements entered into by the Russian Federation, anti-bribery laws of Russia and the UK, as well as the principles and requirements of the Policy in the countries all over the world.

4 Key Principles of the Policy

4.1 The mission of top management

Members of the Board of Directors, the General Director, members of the Management Board and divisional directors of the Company shall foster the ethic norm of uncompromising attitude towards any forms and manifestations of corruption at all levels, setting an example by their behavior and getting all the employees and counter parties agents acquainted with the anti-corruption policy.

The principle of rejection of bribery in any forms and manifestations (the principle of "zero tolerance") shall become stable with the Company within the framework of implementation of strategic projects, in the course of everyday business activities, including interaction with shareholders, representatives of state and public authorities, political parties, Companies of MKK Group, members of the governing bodies thereof and employees, investors and partners and other natural and legal persons.

4.2 Periodic risk assessment

The Company shall from time to time identify, consider and evaluate corruption risks, specific for the business activity on the whole and for certain directions in particular, with due account of all business processes, regions and countries in which the company carries out its activities.

4.3 Adequate anti-corruption procedures

The Company shall develop and introduce adequate corruption prevention procedures, reasonably corresponding to the identified risks, and supervise observation thereof.

4.4 Checks of counter parties

The Company shall reasonably endeavor to mitigate the risk of business relations with the counter parties which may be involved in corrupt practices and in this connection The Company shall perform verification of available information on the counterparties' tolerance to bribery and their readiness to observe the requirements of this Policy and include anti-corruption terms and conditions (anti-corruption clauses) in contracts and agreements, as appropriate, and render mutual assistance in prevention of corruption.

4.5 Creation of awareness and instructions

The Company shall post the present Policy for free access at the corporate Internet website, openly declare its rejection of corruption, shall encourage and promote

observation of the principles and requirements of this Policy by all counter parties, its Employees, Companies of MMK Group, members of the governing bodies and employees thereof and other persons.

The Company shall further improve the anti-corruption culture level by providing information and instruction on a regular basis to the employees for keeping them in the know of the issues of anti-corruption policy of the Company and all the ways and methods of applying anti-corruption Policy in practice.

4.6 Monitoring and control

The Company shall periodically monitor the introduced adequate corruption prevention procedures, control observation thereof and update and upgrade them when necessary.

5 Presents and hospitality expenses

The Company deems unacceptable the hospitality expenses, provision and receipt of presents, if such expenses and presents exert direct or indirect influence on decisions taken by public official persons and/or persons connected with state or public authorities on provision of wrongful advantages to the Company or the Companies of MMK Group.

The hospitality expenses and provision of presents are allowed only if they are not in conflict with the norms of international, Russian, and in the event of action outside the territory of the Russian Federation, the applicable national legislation and by-laws of the Company and OJSC MMK's Business Ethics Code in particular.

6 Charity, social and political activities, sponsorship

The Company shall implement a uniform corporate social policy aimed at securing the principles of socially responsible business. The company shall not finance charity, social and sponsor projects with the purpose of obtaining commercial preferences in specific projects of the Company and Companies of MMK Group.

The Company shall not finance political parties, organizations and movements with the purpose of obtaining commercial preferences in specific projects of the Company and Companies of MMK Group.

The Company shall disclose information on charity, social and sponsor events at the corporate Internet web-site or in other form.

7 Interaction with public officials

The Company shall abstain from payment of any expenses or obtaining for the account of the Company of other advantages for or in the interest of public officials and their close relatives with the purpose of obtaining commercial preferences in specific projects of the Company and Companies of MMK Group, facilitating decision making by state bodies, public office persons and organizations regardless of the form of payment. No references to generally accepted practices and/or local peculiarities of conduct of business.

8 Interaction with employees

The Company shall provide information to the Employees on the approved anti-

corruption principles, requirements and procedures introduced and on the sanctions for the breach thereof.

For these purposes the Company publishes this Policy at the corporate site, improves the level of anti-corruption culture and informs its Employees.

The HR Administration shall ensure:

- Getting the individuals acquainted with the Policy when recruiting them and performing their induction training;

The structural subdivision shall ensure:

- Informing on the information channels for reporting of policy violation facts;
- Getting the Company's employees acquainted with the Policy not later than 1 month from the date of introduction of the Policy;
- Appraising the employees' knowledge of the Policy when performing relevant official evaluations.

Each Company's employee signs the obligation to accept and observe the Policy contained in the form attached to the Policy (Annex) when getting acquainted with the Policy. The Obligation signed is kept in the employee's personal record.

The Company shall provide available and anonymous means of informing the Company management ("the hotline") about the facts of bribery on the part of persons providing services for the benefit of a commercial organization or on its behalf. By means of "hotline" communication the management of the Company may receive proposals for the improvement of anti-corruption policies and control, as well as requests from outside parties.

Any Employee or other person in case of doubt about the legality or compliance with the purposes, principles and requirements of the Policy of their actions, as well as actions, omission of action or proposals of other Employees, counteragents or other persons who interact with the Company, may report this to the "hot line" of the Company or to direct manager and/or to the body (person) authorized by the general director, who, if necessary, will provide guidance and clarification of the current situation.

Compliance with the principles and requirements of the applicable anti-corruption legislation, the present Policy by Employees of the Company is taken into account in the formation of a personnel reserve for promotion to higher posts, as well as in imposition of disciplinary sanctions according to the governing law.

9 Policy application to the companies with the Company's participation and to counterparties

The Company makes possibly reasonable efforts so that the fundamental principles and requirements of this Policy are followed in the legal persons and associations in which the Company is a participant, as well as its counteragents.

For this purpose the Company shall:

- analyze available information regarding the reputation of founders of the companies in which it is assumed to participate and concrete facts describing the attitude of such companies and their founders towards bribery and corruption;

- inform them about the principles and requirements of this Policy;
- stand for the adoption of analogue bribery prevention policy in the companies and associations in which it is a participant.

The company shall not approach the intermediaries, partners and companies with its participation, agents and other physical and legal persons for their performing of actions, which would contradict the principles and requirements of this Policy or regulations of the applicable anti-corruption legislation.

10 Policy application to intermediaries and other parties

The Company and its Employees are prohibited to involve or use intermediaries, partners, agents or other persons to commit any actions that contradict the principles and requirements of the present Policy or applicable anti-corruption legislation.

The Company shall ensure procedures for checking intermediaries, partners, agents or other persons for the prevention and/or identifying the corrupt practices with the purpose to minimize and prevent risks of involving the Company into corruption.

In order to enforce the principles and requirements described in the Policy, the Company, if necessary, shall include anti-corruption conditions (clauses) in the contracts with intermediaries, partners, companies with its participation and other persons. Anti-corruption conditions (clauses), if necessary, may determine the responsibility of counteragents for non-compliance with the principles and requirements of the Policy.

11 Waiver of response actions and sanctions

The Company warrants that no sanctions will be applied to the Employees who have refused to participate in the corruption practices or have reported about presumed fact of corruption even if, as a result, the Company and/or companies of the Group lose profit or do not receive commercial and competitive advantages and/or suffer losses which could be avoided only by violation of the applicable anti-corruption legislation and/or this Policy.

12 Audit and control

The Company shall regularly conduct internal and external audit of financial and economic activities. Within the framework of internal control procedures the Company shall check the key areas of commercial activity, including, for confirmation by primary records and compliance with the requirements of this Policy.

13 Accounting

All financial transactions shall be reflected in business accounts of the Company accurately, correctly and with sufficient level of detail, recorded and available for inspection.

Falsification and misstatement of accounting reports, financial, tax and managerial information shall be qualified in accordance with the governing law.

14 Reports

The Company's general director or the authorized body (authorized person) shall periodically review the records of the heads of structural subdivisions of the Company on the results of work on ensuring the compliance of the activities of the Company and its Employees with the principles and requirements of this Policy and applicable anti-corruption laws.

15 Amendments and supplements to the Policy

In identifying the inadequacy of the provisions of the present Policy or related anti-corruption procedures of the Company, or in case of change of the requirements of the applicable laws, the Company's general director or the authorized body (authorized person) shall organize the elaboration and implementation of the plan of actions to review and amend this Policy and/or corruption prevention procedures.

16 Liability for nonperformance (improper performance) of this Policy

All the Employees of the Company, regardless of position held, shall be liable for compliance with the principles and requirements of this Policy, as well as for undue control over actions (inaction) of their subordinates who violate such principles and requirements.

The body (person) authorized by the general director shall initiate official investigations in case of every prudently reasonable suspicion or established fact of corruption within the framework of admissible rules of the governing law.

Persons who are guilty of violation of the applicable anti-corruption law may be subjected to disciplinary, administrative, civil or criminal liability at the initiative of the Company, law enforcement bodies or other persons in accordance with the procedure and on the grounds provided for by the legislation of the Russian Federation.

Persons who are guilty of violation of the requirements of this Policy may be subjected to disciplinary, administrative, civil or criminal liability in accordance with the procedure and on the grounds provided for by local regulatory acts of the Company subject to the applicable anti-corruption legislation.

17 Corruption event notification procedure

Should the Employees and other persons have any doubts regarding legality of the acts of other Employees or their counterparties, reasonable suspicions regarding corrupt acts and other violations which have resulted or may result in losses of the Company or its Employees or cause damage to their reputation, the Company asks to report about it to the officers and to the fraud reporting hot line in any manner:

- by phone +7 3519 243030;
- by E-mail 24-30-30@mmk.ru;
- by post 455000, Magnitogorsk, ul. Kirova, 93, PO box 000
- or through a special message form on the Company's corporate site.

As part of the existing corruption event notification procedure the Company warrants that:

- it shall maintain confidentiality on the person who has reported a corruption

event in accordance with the requirements of legislation.

- it shall not apply any sanctions against the employee who has fairly notified about the corruption acts by other employee of the Company or the counterparty even if such acts will not be confirmed by the documents.

Annex
to the Anti-corruption policy of MMK OJSC;

OBLIGATION TO ACCEPT AND OBSERVE THE ANTI-CORRUPTION POLICY OF MMK OJSC

I am fully aware of the content of the MMK OJSC's anti-corruption policy and have understood the MMK OJSC's principles and requirements to observance of rules of the applicable anti-corruption legislation. I agree with the anti-corruption policy of MMK OJSC and undertake to comply with the requirements of the MMK OJSC's anti-corruption policy and to be guided by them when making decisions in my professional activity.

I am aware of and accept personal responsibility, which will arise in case I violate the current legislation of the Russian Federation, the principles and requirements of the applicable anti-corruption legislation, the anti-corruption policy of MMK OJSC and other local regulatory acts of MMK OJSC and I know that I should notify my immediate superiors on such violation.

«_____» _____ 20__

Signature

Surname, first name and patronymic