

PROGRAM
for improvement of OJSC MMK'S corporate governance for the period of up to 2017

Nos.	Action	Time frame	Officer or department in charge
1.	The Board of Directors ("BoD") and the Board of Directors' Committees		
1.1.	To review the practicability of application at OJSC MMK of criteria of independence of the members of the Board of Directors stipulated by the new Corporate Governance Code (CGS) and Listing Rules of CJSC MICEX Stock Exchange. <i>(art. 102-104 of CGC - "Corporate Governance Code")</i>	2016	Corporate Secretary
1.2.	<p>Introduce amendments in the Charter of OJSC MMK:</p> <ul style="list-style-type: none"> • issues to be approved by a majority vote of all elected board members should include: <ol style="list-style-type: none"> 1) definition of priority business areas of activities of the Company and the Group; 2) approval of the financial and business plan (budget) of the Company; 2) approval of a dividend policy of the Company; 3) making a decision on listing of the company's shares and/or securities convertible into its shares; 4); determining the price of a material transactions to be entered into by the company and approval of such transactions; 5) submission for consideration by the general shareholders' meeting of proposals on the company's reorganization or liquidation; 6) submission for consideration by the general shareholders' meeting of proposals to increase or reduce the share capital of the company, determination of the price (value) of property to be contributed as payment for additional shares being placed by the company; 7) submission for consideration by the general meeting of any issues relating to changes to the company's articles of association, approval of material transactions of the company, listing and delisting of the company's shares and/or securities convertible into its shares; 8) consideration of material issues relating to activities of any legal entities controlled by the company; 9) adoption of recommendations relating to a voluntary or mandatory offer received by the company; 10) adoption of recommendations relating to the amount of dividends payable on shares of the company. <i>(art. 170 of CGC)</i> • to add to the competence of the Board of Directors approval of Company's report on its sustainable development in relation to social and environmental policy drawn up in accordance with internationally recognized standards(GRI); <i>(art. 291 of CGC)</i> 	2016	<p>Corporate Secretary</p> <p>Director for Corporate Matters and Social Programs</p> <p>Director for Legal Matters</p>

1.3.	<p>Introduce into the Regulations on the Board of Directors of OJSC MMK additional requirements for assessment of activities of the Board of Directors:</p> <ul style="list-style-type: none"> for carrying out an independent evaluation of the quality of the Board of Directors' work to retain a third party entity (consultant), at least once every three years. for carrying out the internal evaluation the criteria for evaluation of the Board of Directors must include evaluation of professional and personal qualities of the Board members, their independence, level of coordination of their work and their personal contributions, as well as other factors affecting the performance of the board of directors. <i>(art. 2.9, 207 of CGC)</i> 	2017	<p>Corporate Secretary Director for Legal Matters Deputy General Director for Finance and Economy</p>
1.4.	<p>Make a provision in the Regulations on the OJSC MMK Board of Directors for submission of additional information on the candidates for the Board of Directors:</p> <ul style="list-style-type: none"> the nature of his/her relationship with company, his/her membership in boards of directors of other legal entities, information on his/her relationships with affiliates and major trading partners of the Company, any other information that might affect the candidate's ability to perform his/her respective duties, along with other information about him/her provided by the candidate. <i>(art. 95 of CGC)</i> 	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.5.	<p>Make a provision in the Regulations on the OJSC MMK Board of Directors for early notification by a board member to the Board of Directors of his/her inability to attend a Board meeting, specifying the reasons thereof. <i>(art. 154 of CGC)</i></p>	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.6.	<p>Make a provision in the Regulations on the OJSC MMK Board of Directors, in the Regulations on the BoD Committees that Board members, who are not members of the respective committee could attend the meeting of the Committee only at the invitation of its Chairman. <i>(art. 200 of CGC)</i></p>	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.7.	<p>Make a provision in the Regulations on the OJSC MMK Board of Directors that dissenting opinions of Board members on issues on agenda of the meeting in written form (if any), should be enclosed with minutes of the Board meetings and shall form integral part thereof. <i>(art. 166 of CGC)</i></p>	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.8.	<p>Make a provision in the Regulations on the OJSC MMK Board of Directors that Board members should notify the company's board of directors of their intention to take a position in management bodies of other entities and, immediately after their election (appointment) to the management bodies of such other entities, of such election (appointment). <i>(art. 142 of CGC)</i></p>	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.9.	<p>Разработать систему, обеспечивающую регулярное направление членам Совета директоров информации о наиболее важных событиях в финансово-хозяйственной деятельности Общества и подконтрольных ему юридических лиц, а также об иных событиях, затрагивающих интересы акционеров. Put in place a system that ensures regular circulation of information to the Board members about most important developments relating to financial and business activities of the company and legal entities controlled thereby, as well as about other events that affect the interests of its shareholders. <i>(art. 147 of CGC)</i></p>	2015	<p>Corporate Secretary Director for Legal Matters</p>
1.10.	<p>Include into the plan of the Board of Directors' work:</p> <ul style="list-style-type: none"> evaluation whether candidates nominated to the Board of Directors meet independence criteria as 	2015	<p>Corporate Secretary</p>

	<p>well as review vision, on a regular basis, whether or not independent Board members meet the independence criteria. When carrying out such evaluation, substance should take precedence over form. <i>(art. 2.4.2 of CGC)</i></p> <ul style="list-style-type: none"> • review of the key scenarios of development of the industry, markets of the Company; • comparison of the key Company's performance indicators with those of the competitors; • Company's social responsibility policy; • report on the results on compliance with Business Ethics Code. 		Director for Legal Matters
2.	System of remuneration of the members of the Board of Directors, executive bodies and key managers of the Company		
2.1.	<p>Evaluate the practicability of introduction of the Company's expense reimbursement (compensations) policy containing a detailed list of reimbursable expenses and service levels to which the executive bodies and other key managers of the Company determined by the Board of Directors are entitled. The company's policy regarding remuneration of executive bodies and key managers should ensure the substantial level of remuneration, benefits and privileges for recruitment, provision of incentives and retention of persons of competence and qualification necessary for the Company. The Company's employee incentives system should be developed with due account of its general risk management policy. <i>(art. 71,74,227 Part B of CGC)</i></p>	2015	<p>HR Director</p> <p>Head of Administration of Internal Control, Audit, Risk Management and Business Processes</p> <p>Corporate Secretary</p>
2.2.	<p>Evaluate the practicability of introduction of a long-term incentive programme for members of the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares). <i>(art. 4.3.2 of CGC)</i></p>	2016	<p>HR Director</p> <p>Corporate Secretary</p>
3.	Rights of the shareholders		
3.1.	<p>Introduce amendments into the OJSC MMK Charter and/or Regulations on General Meeting of Shareholders of OJSC MMK:</p> <ul style="list-style-type: none"> • not later than 20 days prior to the date of an extraordinary shareholders' meeting it is necessary to ensure: <ul style="list-style-type: none"> – notification of holding the extraordinary shareholders' meeting; – circulation of voting ballots; – access to information (documents), which should be provided to the persons entitled to participate in the extraordinary shareholders' meeting. • information on the date of compiling of the list of persons entitled to participate in general shareholders' meeting should be disclosed at least 5 days prior to such date. 	2015	<p>Corporate Secretary</p> <p>Director for Legal Matters</p>
3.2.	<p>To include into Regulations on General Meeting of Shareholders of OJSC MMK, Regulations on Information Policy of OJSC MMK provisions (upon evaluation of technical feasibility and practicability:</p>	2016	<p>IT Administration</p> <p>Corporate Secretary</p>

	<ul style="list-style-type: none"> establishment (introduction into the internal documents) of the E-mail address of the Company; possibility of publishing on the website of information about getting to the venue of the general shareholders' meeting, <i>(art. 6 Part B of CGC)</i> provision to those shareholders whose rights are recorded in the register with the opportunity to receive a message regarding the meeting and access to related materials in electronic form at personal request of a shareholder allowing to identify such shareholder. <i>(art. 7 Part B of CGC)</i> <p>To provide for technical implementation of the above measures.</p>		<p>Director for Legal Matters</p> <p>IT Administration</p>
3.3.	<p>To include into Regulations on General Meeting of Shareholders of OJSC MMK a provision that:</p> <ul style="list-style-type: none"> a person filling out a voting ballot may, until the end of the general meeting, request that a copy of the ballot filled out thereby be certified by the company's counting commission (or representatives of the registrar who carries out the functions of such counting commission). For that purpose, the company should provide any person taking part in the general meeting with the opportunity to make, at such person's expense, a copy of his/her filled out voting ballot; <i>(art. 23 Part B of CGC)</i> When preparing the general meeting agenda, it is necessary to specify who proposed each of the listed issues and, in respect to candidates nominated to any of the company's bodies, who nominated them <i>(art. 8 Part B of CGC)</i> the additional information (documents) mandatory for provision to the persons entitled to participate in the extraordinary shareholders' meeting should include: <ul style="list-style-type: none"> when approving an interested party transaction, a list of persons deemed to be interested in the transaction, including the grounds on which such a person is considered to be so interested.; the rationale of proposed allocation of the company's profit and an opinion on whether or not such allocation is consistent with the company's dividend policy, including in relation to profit proposed to be paid as dividends and applied towards the company's own needs, together with explanatory notes and economic rationale of allocating a certain portion of the profit to be used for the company's own needs; <i>(art. 10 Part B of CGC)</i> Where the company makes a decision to pay dividends, it should explain to the shareholders that it is important to timely inform the company of any change in their data required for dividend payments (bank account details, mailing address, etc.) as well as to explain related consequences and risks of one's failure to timely inform the company of such change. <i>(art. 38 Part B of CGC)</i> 	2015	<p>Corporate Secretary</p> <p>Director for Legal Matters</p> <p>Deputy General Director for Finance and Economy</p>
4.	Risk management and internal control system		
4.1.	<p>The Board of Director of OJSC MMK should:</p> <ul style="list-style-type: none"> Approve a general policy in the area of risk management and internal control <i>(art. 68 Part B of CGC)</i>. 	2015	Head of Administration of Internal Control, Audit, Risk Management

	<p>(When approving the risk management policies, the board of directors should seek to achieve an optimal balance between risks and return to the company as a whole, subject to the requirements of laws, its internal documents, and Charter of the Company. In particular, such policies should provide that, when performing transactions and operations involving a high risk of loss of capital and investment, it shall be necessary to proceed based on a reasonable level of risk and conformance of the level of the risk to be assumed to the maximum levels set forth by the risk management policy.). <i>(art. 70 Part B of CGC)</i></p> <ul style="list-style-type: none"> Policy in the area of internal risk management (Regulations on Internal Audit) defining the targets, tasks and power of the structural division, which performs the functions of internal audit. <i>(Listing Rules of CJSC MICEX Stock Exchange)</i> 		<p>and Business Processes</p> <p>Director for Legal Matters</p> <p>Corporate Secretary</p>
5.	- Disclosure of information on the Company, information policy of the Company		
5.1.	<p>To introduce into Regulations on Information Policy of OJSC MMK the following provisions:</p> <ul style="list-style-type: none"> when making changes to the Company's Charter and internal documents, tables comparing amendments with the existing version should be included into the documents for presentation to the shareholders <i>(art. 10-5 Part B of CGC)</i> 	2015	<p>Corporate Secretary</p> <p>Director for Legal Matters</p>
5.2.	<p>To introduce into Regulations on Annual report of OJSC MMK the following provisions:</p> <ul style="list-style-type: none"> the performance by its Board of Directors of its responsibilities associated with its role in the organisation of the Company's efficient risk management and internal control system. <i>(art. 87 of CGC)</i> disclosure of information on review by the Board of Directors of the issues of efficiency of the risk management and internal control system. <i>(art. 262 of CGC)</i> disclosure of information on the Corporate Secretary, which shall be as detailed as that required to be disclosed in relation to Board members and members of the executive bodies of the Company. <i>(art. 215 of CGC)</i> 	2015	<p>Deputy General Director for Finance and Economy</p> <p>Corporate Secretary</p> <p>Director for Legal Matters</p> <p>Head of Administration of Internal Control, Audit, Risk Management and Business Processes</p>
6.	Material Corporate Actions		
6.1.	<p>The company's Charter should expand a list of grounds on which members of the Company's Board of Directors as well as other persons referred to in respective laws, are deemed to be interested in transactions of the Company. <i>(art. 319 of CGC)</i>:</p> <ul style="list-style-type: none"> «in other cases, when the specified persons themselves declare their interest». 	2015	<p>Director for Legal Matters</p> <p>Corporate Secretary</p>