



NOVOLIPETSK STEEL

APPROVED

by the General Shareholders' Meeting
of Novolipetsk Steel

Minutes of Meeting No. 56
of 20 December 2019

**REGULATIONS
ON THE BOARD OF DIRECTORS**

of Novolipetsk Steel
(revised)

Lipetsk
2019

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These Regulations govern the procedures of the Board of Directors of Novolipetsk Steel (hereinafter referred to as “the Company”).

ARTICLE 1. General provisions

- 1.1. The Board of Directors shall exercise general management of the Company’s activities within the procedure stipulated in the Charter of the Company and these Regulations, with the exception of issues referred to the competence of the General Shareholders’ Meeting by the Federal law “On Joint-Stock Companies”.
- 1.2. The issues referred to the competence of the Company’s Board of Directors shall be determined by the Federal Law “On Joint-Stock Companies” and the Company’s Charter.
- 1.3. The activities of the Company’s Board of Directors shall be governed by the legislation of the Russian Federation, the Company’s Charter, these Regulations, the Corporate Ethics Code and resolutions of the General Shareholders’ Meeting adopted within the competence of the said governing body.

ARTICLE 2. Members of the Board of Directors

- 2.1. Members of the Board of Directors may be individuals elected at the General Shareholders’ Meeting of the Company, who were nominated (proposed) for election to the Board of Directors by shareholders and/or by the Board of Directors in line with the procedure stipulated by the Federal Law “On Joint-Stock Companies”, the Charter of the Company and these Regulations.
- 2.2. The composition of the Board of Directors is determined by the Charter of the Company.
- 2.3. It is in the Company’s interests that the Board of Directors includes at least three independent directors.
- 2.4. The Company’s Board of Directors may resolve to elect a senior independent director from among independent directors, who advises the Chairman of the Board of Directors thus ensuring the efficient operation of the Board, coordinates interaction between independent directors, convenes and presides at meetings of independent directors as and when necessary, and communicates with the Company’s shareholders.
- 2.5. Persons elected to the Company’s Board of Directors may be re-elected any number of times.
- 2.6. The Chairman of the Board of Directors shall be elected by members of the Board of Directors from among themselves by a majority vote of the total (listed) number of Board members.
- 2.7. The position of Deputy Chairman of the Board of Directors may be established in the Board of Directors, and such Deputy Chairman shall be elected from among members of the Board of Directors as proposed by the Chairman of the Board of Directors by a majority vote cast by the members of the Board of Directors present at the meeting of the Board of Directors.
- 2.8. The Board of Directors shall approve the candidate for the position of Corporate Secretary as put forward by the Chairman of the Board of Directors, to act in accordance with the provisions of the Company’s corporate documents.
- 2.9. Members of the collegial executive body of the Company, if this body is formed in accordance with the Federal Law “On Joint-Stock Companies” and/or the Charter of the Company, may not make more than one fourth of the Board of Directors.
- 2.10. The President (Chairman of the Management Board) of the Company may not serve as both the President and the Chairman of the Company’s Board of Directors. Members of the Company’s Board of Directors may not be members of the Company’s Counting Commission.
- 2.11. The Board of Directors may, whenever necessary, set up commissions and committees made up of its members, employees of the Company and/or other invited persons to consider and prepare

certain issues that fall within the remit of the Board of Directors, engage certain specialists and consultants in the Board's activities on a contractual basis, and establish any other bodies subordinate to the Board of Directors.

The Board of Directors sets up the Audit Committee for the purpose of carrying out a preliminary consideration of issues related to control over the financial and economic activities of the Company, including the assessment of the Auditor's independence and ensuring there is no conflict of interest, as well as the assessment of the quality of audit of the Company's accounting (financial) statements.

ARTICLE 3. Competence of the Board of Directors

- 3.1. The objectives of the Company's Board of Directors are: to provide maximum profit and expand the Company's assets; protect the rights and lawful interests of shareholders; ensure continuous monitoring of the Company's executive bodies; and ensure that public information about the Company is complete, reliable and impartial.
- 3.2. To reach its objectives, the Board of Directors must comply with the following principles:
 - Shareholders' lawful right to participate in the management of the Company cannot be limited.
 - The interests of different shareholder groups shall be balanced and the Board of Directors shall ensure maximum impartiality of decisions in the interests of all shareholders of the Company;
 - The Board of Directors shall make informed decisions based on reliable information on the Company's activities.
- 3.3. Any inherent ambiguity of guidelines and rules prescribed by regulatory legal and other documents shall be interpreted by the Board of Directors so as to extend the rights and lawful interests of shareholders. In case certain directors have any doubts or differences concerning the Company's governance, these doubts and differences shall be reflected in the minutes of the Board of Directors' meetings.
- 3.4. Competence of the Board of Directors shall be determined by the Charter of the Company. In order to achieve its objectives, the Board of Directors, acting within its powers:
 - Ensures execution of resolutions passed by the General Shareholders' Meeting.
 - Assesses political, financial and other risks impacting the Company's operations, as well as the operations of legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a stockholder, member or founder.
 - Determines approaches to investments and participation in other organizations.
 - Assesses the performance of the Company and its bodies.
 - Determines the terms of dividend payment.
 - Develops remuneration systems and incentive methods for Company employees.
 - Ensure disclosure of information about the Company.
 - Supervises activities of the Company's executive bodies.
 - Ensures the Company's compliance with the applicable legislation.
 - Defines materiality criteria for the legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a stockholder, member or founder, for decision-making concerning the issues that fall within the remit of the

Management Board;

- Ensures compliance with corporate governance principles.
- Ensures compliance with the principles of sustainable development, defines goals and objectives in the field of sustainable development, as well as monitors the implementation of the above.
- Controls compliance with the Sustainable Development Policy (in environmental, OHS, social and other aspects of sustainable development).

3.5. A member of the Board of Directors is entitled to:

- Request any information (documents and materials) from the officers and employees of the Company in line with the procedure stipulated in these Regulations.
- Receive remuneration for the performance of their duties and compensation of the costs arising in connection with performance of duties of the Board of Directors within the procedure provided by the Company's General Shareholders' Meeting of the Company.
- Examine the minutes of the Board of Directors' and other collegial bodies' meetings and obtain copies of such minutes.
- Initiate Board discussions on issues, demand for inclusion of a member's special opinion on the items included in the agenda of the Board meeting in the minutes of the Board meeting.

3.6. Members of the Board of Directors shall:

- Be loyal to the Company.
- Act reasonably within their remit in good faith and in the interests of all shareholders and the Company.
- Neither disclose the insider information nor use it in their own interests or in the interests of third parties.
- Participate in the meetings of the Board of Directors.
- Contribute to the resolutions passed by the Board of Directors by way of voting on the items put on the agenda.
- Take well-founded decisions.
- Scrutinize all the necessary documents (materials), carry out investigations and sensitize all members of the Board of Directors to all the data, bar none, relevant to the resolutions to be adopted.
- Assess political, financial and other risks and other adverse consequences when taking decisions.
- Take part in the expert review of projects and programmes put forward by the Board of Directors.
- Notify the Board of Directors if a Board member has a potential conflict of interest, including an interest in a transaction by the Company, and put the interests of the Company before their own in any case.
- Refrain from acts that will or may lead to conflict between their interests and those of the Company.
- Promptly inform the Board of Directors of any conflict of interest and the grounds for it,

before the start of the discussion on the item in respect of which the Board member has a conflict of interest, at a Board or Board Committee meeting.

- Abstain from voting on items in respect of which they have a conflict of interest. Where the nature of the item discussed or the specific aspects of a conflict of interest so require, the Board member who has the said conflict of interest should not be present at the Board's meeting when the item is discussed.
- Report the sale or purchase of the Company's securities.
- Inform other members of the Board of Directors of any known violation of legal acts, the Charter, internal regulations or rules of the Company, which was committed by the Company's employees (including the Company's officials).
- Promptly inform the Company of any changes in their status or personal information, including: holding more than one position (intent to do so) in the management bodies of other organizations, as well as the fact of such appointment/election.

3.7. The job of a member of the Board of Directors shall be permanent and not limited to participation in adoption of resolutions of the Board of Directors.

3.8. The Corporate Secretary shall be responsible for keeping the archive of resolutions and minutes of the Board meetings and immediately upon the Board's request provide certified copies of these documents.

3.9. The President (Chairman of the Management Board) of the Company, members of the Management Board and other officers of the Company shall provide full information on activity of the Company.

ARTICLE 4. Committees

4.1. The Board of Directors shall establish permanent committees to deal with certain tasks of the Company.

4.2. The Committees are consulting bodies of the Board of Directors; they may not act on behalf of the Board of Directors and have no powers and authority. The tasks and procedures of establishment and operation of each Committee shall be determined by the appropriate internal corporate documents subject to approval by the Board of Directors and binding for all divisions and officers of the Company.

4.3. Each of the said committees shall be headed by a member of the Board of Directors appointed by the Company's Board of Directors. As a rule, an independent director shall be elected to the position of the Chairman of a committee. One and the same member of the Board of Directors may not be a member in more than two committees.

4.4. The Chairman of each committee shall determine, upon agreement with other members of the committee, the regularity and duration of meetings of each committee as well as the agenda of the meetings.

ARTICLE 5. Independent members of the Board of Directors

5.1. The Company is interested in a least three independent directors to be members of the Company's Board of Directors. Independent directors are persons with sufficient competence, professional experience and independence to have their own viewpoints, able to pass impartial and fair judgements that are independent of the influence of the Company's executive bodies, certain groups of shareholders or other stakeholders.

5.2. An independent director is a person, who:

- Is not associated with the Company.

- Is not associated with a significant shareholder of the Company.
 - Is not associated with a significant counterpart or a competitor of the Company.
 - Is not associated with the state (Russian Federation or its constituent territory) or a municipality.
- 5.3. The Company's significant shareholder is a person entitled to directly or indirectly (via controlled entities), independently or jointly with other persons related therewith by a fiduciary management agreement, and (or) a partnership agreement, and (or) a trust agreement, and (or) a shareholder agreement, and (or) another agreement on exercise of rights certified by the shares (interest) of the Company, exercise 5 or more percent of the votes covered by the voting shares comprising the Company's authorized capital.
- 5.4. A material counterpart of the Company shall be understood as a person that is the party to agreement(s) with the Company, whereby the amount of obligations is 2 or more percent of the book value of the Company's or such person's consolidated assets as of the reporting date preceding the assessment of the counterpart materiality, or 2 or more percent of the Company's or such person's consolidated revenues (income) for the complete calendar year preceding the assessment of the counterpart materiality.
- 5.5. The affiliates of an individual shall be understood as: the spouse, parents, children, adopting parents, adopted, full and half brothers and sisters, grandparents and any other person living together and sharing the household with such individual.
- 5.6. A person shall be regarded as an affiliate of the Company, if it and/or its affiliates:
- Are or for the last 3 years were members of the executive bodies or employees of the Company, an entity controlled by the Company and/or its asset management company.
 - Are members of the Board of Directors of the legal entity that controls the Company or of an entity controlled by, or controlling, such legal entity.
 - During any year of the last 3 years, received remuneration and/or other tangible benefits from the Company and/or other entities controlled thereby in amounts exceeding one half of the basic (fixed) annual fee of a member of the Company's Board of Directors. These do not take into account payments and/or compensations received by above-mentioned persons by way of remuneration and/or compensation of expenses for their performance of the duties of a member of the Company's Board of Directors (a committee of the Board of Directors) and/or an entity controlled thereby, including those related to the insurance of their liability as members of the Board of Directors, as well as incomes and other payments received by the above-mentioned persons on the securities of the Company and/or an entity controlled thereby.
 - Are the legal owners or beneficiaries of the Company's shares that amount to more than 1 percent of the Company's charter capital or all of the Company's voting shares, or the market value of which is more than 20 times greater than the annual fixed fee of a member of the Company's Board of Directors.
 - Are members of the executive bodies and/or employees of a legal entity, whose remuneration is determined (considered) by the Board's Remuneration Committee (Board of Directors) of such legal entity, if any member of the executive bodies and/or employee of the Company is a member of the Board's Remuneration Committee (Board of Directors).
 - Provide consulting services to the Company, the person that controls the Company or to the legal entities controlled by the Company, or are members of the governance and/or executive bodies of the entities that provide such services to the Company or the above-mentioned legal entities, or employees of such entities directly engaged in the provision of

such services.

- Provide, or during the last 3 years provided, to the Company or legal entities controlled thereby, services in the areas of appraisals, tax advice, auditing or accounting services, or during the last 3 years were members of the governance and/or executive bodies of the entities that provided such services to the above-mentioned legal entities, or of the Company's rating agency, or were the employees of such entities or such rating agency directly engaged in the provision of the respective services to the Company.

Furthermore, a person shall be considered an affiliate of the Company, if they served as a member of the Company's Board of Directors for more than 7 years in total.

For the purpose of ascertaining the independence of a nominee to (or an elected member of) the Board of Directors, a nominee to (or an elected member of) the Board of Directors that served as a Board member from 7 to 12 years, may be considered unaffiliated with the Company, provided that a respective decision is made by the Company's Board of Directors.

5.7. A person shall be regarded as an affiliate of the Company's material shareholder, if it and/or its affiliates:

- Are employees and/or members of executive bodies of the Company's material shareholder (or of a legal entity from the group of entities whereof the Company's material shareholder is part).
- During any of the last 3 years received remuneration and/or other tangible benefits from the Company's material shareholder (or a legal entity from the group of entities whereof the Company's material shareholder is part), in amounts exceeding one half of the basic (fixed) annual fee of a member of the Company's Board of Directors. These do not take into account payments and/or compensations received by the above-mentioned persons by way of remuneration and/or compensation of expenses for their performance of the duties of a member of the Board of Directors (a committee of the Board of Directors) of a material shareholder of the Company (or a legal entity from the group of entities whereof the Company's material shareholder is part), including those related to the insurance of their liability as members of the Board of Directors, as well as incomes and other payments received by the above-mentioned persons on the securities of the material shareholder of the Company (or a legal entity from the group of entities, whereof the Company's material shareholder is part).
- Are members of the Boards of Directors in more than 2 legal entities controlled by the Company's material shareholder or the person controlling the Company's material shareholder.

5.8. A person shall be regarded as an affiliate of the Company's significant counterpart or competitor, if it and/or its affiliates:

- Are employees and/or members of the governance and/or executive bodies of the Company's material counterpart or competitor, as well as legal entities controlling the Company's material counterpart or competitor or any entities controlled thereby.
- Is the legal owner or the beneficiary of shares (participatory interests) in a material counterpart or competitor of the Company that amount to more than 5 percent of the charter capital or the total number of voting shares (participatory interests).

5.9. A person shall be recognized as related to the state or any municipality, if they:

- Are or were within a year preceding their election to the Company's Board of Directors, a state or municipal employee, an officer in public authorities, an employee of the Bank of Russia.

- Represent the Russian Federation, a constituent entity of the Russian Federation or a municipality in the Board of Directors with a special right to participate in management of the Company ("golden share").
- Are obliged to vote on one or more matters within the remit of the Company's Board of Directors in accordance with the directive of the Russian Federation, a constituent entity of the Russian Federation or a municipality.
- Are or were, within one year prior to their election to the Board of Directors, a member of an executive body or an employee vested with managerial authorities of an organization, controlled by the Russian Federation, a constituent entity of the Russian Federation or a municipality; an employee of a state or municipal unitary enterprise or institution (except for employees of state or municipal educational or scientific organizations engaged in teaching or research activities and not appointed (approved) to the position of the sole executive body or another office in a state and municipal educational or scientific organization by or with the consent of the state (local) authorities).

5.10. The Committee on Human Resources, Remuneration and Social Policies of the Board of Directors assesses the independence of candidates to the Board of Directors and passes judgement on the independence of a candidate, and regularly monitors whether independent members of the Board of Directors meet independence criteria.

5.11. In some exceptional cases in the process of assessment the Board of Directors may recognize an independent status of a member of the Board of Directors, despite them having any formal criteria of being related to the Company, a significant shareholder of the Company, a significant counterpart or a competitor of the Company, if such relatedness does not affect the ability of the individual to exercise independent, impartial and fair judgements.

5.12. An independent director should refrain from actions as a result of which they could cease to be independent. If after being elected to the Board of Directors, any circumstances arise that result in an independent director ceasing to be independent, such a director shall immediately notify the Board of Directors of such circumstances. In this case and in other cases when the Board of Directors becomes otherwise aware of such changes or circumstances, the Board of Directors shall inform the shareholders of the Company thereof and, if necessary, convene an Extraordinary General Shareholders' Meeting for the purpose of electing a new Board of Directors.

5.13. Information about independent directors shall be disclosed in the Company's annual report.

ARTICLE 6. Term of powers of the Board of Directors

6.1. Members of the Board of Directors shall be elected by the General Shareholders' Meeting under the procedure stipulated in the Federal Law "On Joint-Stock Companies" and the Charter of the Company, for the term which lasts until the next Annual General Shareholders' Meeting. In case the General Shareholders' Meeting was not held within the terms stipulated in the Federal Law "On Joint-Stock Companies" and the Charter of the Company, the powers of the Board of Directors shall terminate, except the powers related to preparation, convocation and holding of the Annual General Shareholders' Meeting.

6.2. In case members of the Board of Directors are elected by the Extraordinary General Shareholders' Meeting of the Company, their powers shall terminate from the moment of election of the new Board of Directors at the Annual General Shareholders' Meeting within the procedure stipulated in the Law and the Charter of the Company.

ARTICLE 7. Nomination of candidates to the Board of Directors

7.1. Shareholder(s) possessing no less than two per cent of the Company's voting shares may

nominate candidates to the Company's Board of Directors for election at the Annual General Shareholders' Meeting of the Company, provided that the number of such candidates does not exceed the number of members in the appropriate body at the date of nomination. Such nominations shall be received by the Company no later than 60 days after the end of the reporting year, unless a later term is stipulated in the Charter of the Company. If proposed agenda of the Extraordinary General Shareholders' Meeting includes election of members to the Board of Directors, shareholder(s) of the Company possessing a total of no less than two per cent of the Company's voting shares may nominate candidates to be elected to the Company's Board of Directors, provided that the number of such candidates does not exceed the number of members in the Board of Directors. Such nominations shall be received by the Company no later than 30 days before the date of the Extraordinary General Shareholders' Meeting, unless a later term is stipulated in the Charter of the Company.

- 7.2. Nomination of candidates to the Board of Directors shall be executed by shareholder(s) by means of appropriate written proposal submitted to the Corporate Secretary of the Company or sent by registered mail to the Company's address.

Company's shareholder(s) not registered in the Company's shareholder register can put forward proposals on candidates to the Company's Board of Directors by issuing respective orders (instructions) to the person keeping records of their share rights. Such orders (instructions) shall be issued in accordance with the rules of the Russian laws on securities.

- 7.3. The proposal on nomination of candidates to the Board of Directors (including self-nomination) shall include:

- Full name and the details of the identification document (series and (or) number of the document, the date and place of the issue, the authority, which issued the document), age, education, office held at the moment of nomination, information on whether the candidate is the sole executive body, a member of the Management Board, an officer of the Company, number and category (class) of shares held by the candidate (in case the candidate is a shareholder of the Company).
- Full name or title of the shareholder(s) nominating the candidate, number and category (class) of shares held by them.

- 7.4. The proposal shall be signed by the shareholder or his proxy (representative).

7.4.1. In case the proposal on nomination of a candidate to the Board of Directors is signed by the shareholder's representative, such proposal shall be accompanied by the power of attorney or its notarized copy.

7.4.2. In case the proposal on nomination of candidates to the Board of Directors is submitted by corporate shareholder(s), the signature of a representative of the legal entity acting without power of attorney according to the powers provided by the Charter or other constituent document may be affixed by the seal of the said legal entity. In this case, powers of a person acting on behalf of a corporate shareholder shall be confirmed according to the procedure envisaged by the applicable legislation of the Russian Federation.

7.4.3. The proposal on nomination of candidates shall be accompanied by consents of candidates to the Board of Directors of the Company to hold the office of a member of the Board of Directors.

7.4.4. If a proposal of a candidate is signed by shareholders (a shareholder) whose share rights are accounted by depot accounts in the depositary, such proposal shall be accompanied with a statement of depot account in the depositary which registers rights for the subject shares.

- 7.5. All documents submitted by shareholders for the purposes of nomination of candidates to the Board of Directors of the Company shall be in Russian or be accompanied by notarized translations into Russian.
- 7.6. The Board of Directors shall consider proposals it receives and decide as to the inclusion of candidates nominated by shareholders on the list of candidates for election to the Board of Directors by voting or denial of such inclusion within 5 days from the deadline for submission of proposals set in the Company's Charter.
- 7.7. Resolution on refusal to include the nominated candidates into the list of candidates may be passed by the Board of Directors in the following cases:
- Shareholder(s) fail to comply with the terms established for submission of proposals by the Charter of the Company and these Regulations.
 - Shareholder(s) do not hold the required number of voting shares of the Company stipulated by the Charter of the Company and these Regulations.
 - The proposal does not comply with the requirements stipulated in clauses 7.2-7.5 of these Regulations.
- 7.8. A substantiated decision of the Company's Board of Directors to refuse the inclusion of a candidate on the list of nominees for election to the Board of Directors by voting shall be sent to shareholder(s) who submitted the proposal within 3 days from the date of such resolution.
- 7.9. In case shareholder(s) of the Company demand to convene the Extraordinary General Shareholders' Meeting with the agenda including the item of election to the Board of Directors of the Company, the Board of Directors shall, simultaneously with passing the resolution on the convocation of such Extraordinary General Shareholders' Meeting, inform shareholders of the procedure for nomination of candidates to the Board of Directors, including the following conditions:
- 7.9.1 Proposals on nomination of candidates to the Board of Directors of the Company to be elected at the Extraordinary General Shareholders' Meeting shall be submitted by shareholders entitled to nominate candidates to the Board of Directors at the Annual General Shareholders' Meeting in accordance with the provisions of the Federal Law "On Joint-Stock Companies" and the Charter of the Company.
- 7.9.2 Proposals on nomination of candidates to the Board of Directors of the Company to be elected at the Extraordinary General Shareholders' Meeting shall be received by the Company no less than 30 days prior to the date of the Extraordinary General Shareholders' Meeting.
- 7.9.3 Statements of shareholders containing proposals on nomination of candidates to the Board of Directors of the Company are considered submitted in case of compliance with the procedure envisaged by Cl.7.2 of these Regulations prior to the last day of the term provided by Cl. 7.9.2 of these Regulations. Proposals received by the Company after the said date are not taken into account by the Board of Directors when approving the list of nominees for election to the Board of Directors.
- 7.10. The Company's Board of Directors shall consider promptly the proposals submitted by shareholders to nominate candidates for the Board of Directors and pass a resolution on such proposals within 5 days after the deadline for the submission of proposals.
- 7.11. Shareholder(s) who have nominated candidates to the Board of Directors of the Company may revoke their proposals in respect of certain candidates before resolution is passed by the Board of Directors on approval of the list of nominees for election to the Board of Directors. Recusal of candidates nominated to the Board of Directors of the Company by other shareholders is not

allowed.

ARTICLE 8. Election to the Board of Directors

- 8.1. Members of the Board of Directors are elected by cumulative voting at the General Shareholders' Meeting. In case of a cumulative voting the number of votes owned by each shareholder shall be multiplied by the number of members to be elected to the Company's Board of Directors.
- 8.2. A shareholder may vote with all his votes granted by the shares they own for one candidate, or they can distribute them among two or more candidates to the Board of Directors of the Company.
- 8.3. The candidates who have polled a majority of votes within the size of the Board of Directors stipulated in the Charter of the Company are considered elected to the Board of Directors of the Company.
- 8.4. Candidates to the Board of Directors of the Company may withdraw their nomination prior to the beginning of voting upon the item by submitting a written request to the Presidium of the General Shareholders' Meeting, provided that such request is announced to the shareholders of the Company present at the meeting. Submission of this request shall not cause exclusion of the candidate from the voting ballot for election to the Board of Directors of the Company and does not affect the results of voting on this issue.
- 8.5. In case the candidate is elected to the Board of Directors, they shall, within 15 days from the date of publication of the voting results, provide to the Corporate Secretary the following written information: passport details (date and place of birth, series and number of passport, place of residence), information on offices held by them in the last 5 years, office held at the moment of election, nature of relationships with the Company, possession of the Company's securities, membership in Boards of Directors or holding offices in other legal entities, information on relationships with affiliated persons and large counterparts of the Company, contact telephone number and the address for sending correspondence.
- 8.6. Members of the Board of Directors shall inform the Corporate Secretary of sale or purchase of the Company's securities.

ARTICLE 9. Chairman of the Board of Directors

- 9.1. The Chairman of the Company's Board of Directors shall be elected by members of the Board of Directors of the Company from among themselves by a simple majority vote, unless otherwise stipulated in the Charter of the Company.
- 9.2. The Company's Board of Directors may at any time re-elect its Chairman by a majority vote.
- 9.3. The person performing the duties of the sole executive body of the Company may not simultaneously be the Chairman of the Board of Directors of the Company.
- 9.4. Chairman of the Company's Board of Directors arranges its work:
 - Convenes and chairs the Board meetings.
 - Ensures timely provision of information (materials) required for decision-making on the agenda items to members of the Board of Directors.
 - Ensures that effective resolutions on the agenda items are elaborated and initiates drafting of these resolutions.
 - Arranges for minutes keeping.
 - Organizes decision-making by the Board of Directors by absentee voting.
 - Chairs the General Shareholders' Meeting unless otherwise provided for by the Company's

Charter.

- 9.5. The Chairman of the Board of Directors or any other person duly authorized by the Board of Directors shall sign agreements (contracts) with the President (Chairman of the Management Board) and members of the Management Board of the Company on behalf of the Company following the procedure stipulated by the Federal Law "On Joint-Stock Companies" and the Charter of the Company.
- 9.6. In the absence of the Chairman of the Board of Directors, his duties shall be performed by the deputy Chairman or by a member of the Board of Directors in accordance with the resolution of the Board of Directors adopted by a simple majority vote of members of the Board of Directors present at the meeting.
- 9.7. The Chairman of the Board of Directors may not delegate his powers to another person.

ARTICLE 10. Corporate Secretary

- 10.1. The Board of Directors shall approve the candidate for the position of the Corporate Secretary recommended by the Chairman of the Board of Directors by a simple majority vote.
- 10.2. The Corporate Secretary is appointed and dismissed by the Company's President (Chairman of the Management Board) based on a resolution from the Board of Directors.
- 10.3. The Corporate Secretary is entitled to:
 - Request information and documents from shareholders, members of the Board of Directors, officers of the Company.
 - Engage managers and experts of the Company in preparation of materials for meetings of the Board of Directors and the General Shareholders' Meeting.
- 10.4. The person performing the duties of the President (Chairman of the Management Board) of the Company may not simultaneously be the Corporate Secretary.
- 10.5. Activities of the Corporate Secretary of the Company shall be governed by the provisions of the Company's corporate documents.

ARTICLE 11. Remuneration of members of the Board of Directors and reimbursement of expenses incurred by them in performing their duties

- 11.1. Members of the Board of Directors may receive remuneration and reimbursement of the expenses arising in connection with exercising their powers of members of the Company's Board of Directors.
- 11.2. The rate, conditions and procedure for remuneration payment and expense reimbursement to the Board members are established by the Regulations on Remuneration of Members of the Board of Directors, approved by the General Shareholders' Meeting.

ARTICLE 12. Termination of powers of members of the Board of Directors

- 12.1. Powers of members of the Board of Directors shall be terminated from the moment of election of the new Board of Directors by the General Shareholders' Meeting.
- 12.2. Powers of members of the Board of Directors of the Company may be subject to early termination at any time by resolution of the General Shareholders' Meeting of the Company. Such resolution may be adopted by the General Shareholders' Meeting of the Company in respect of all members of the Board of Directors only. The election of the new Board of Directors shall be carried out simultaneously with passing the resolution by the General Shareholders' Meeting on early termination of powers of members of the Board of Directors.

- 12.3. In case the size of the Board of Directors becomes less than a half of the size envisaged by the Charter of the Company, the Company shall convene an Extraordinary General Shareholders' Meeting for election of a new Board of Directors. Remaining members of the Board of Directors of the Company may only pass the resolution on the convocation of such Extraordinary General Shareholders' Meeting.

ARTICLE 13. Main provisions regarding meetings and decision-making procedure of the Board of Directors of the Company

- 13.1. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors in accordance with the annual Meetings schedule, approved by the Board of Directors.
- 13.2. The Chairman of the Board of Directors shall determine the venue of each Board meeting.
- 13.3. The agenda for a forthcoming Board of Directors' meeting is subject to approval by the Chairman of the Company's Board of Directors. The draft agenda for the Board of Directors' meeting shall be prepared by the Corporate Secretary of the Company who takes into account proposals (requests) submitted by members of the Company's Board of Directors, President (Chairman of the Management Board) and/or Management Board, Auditor as well as the Company shareholders.
- 13.4. The Chairman of the Board of Directors acting at their own discretion may convene extraordinary meetings of the Board of Directors at the request of a member of the Board of Directors, the officer responsible for arranging and carrying out internal audits (head of the business unit responsible for arranging and carrying out internal audits), Auditor, President (Chairman of the Management Board) and shareholder(s) who collectively own a minimum of 2 percent of the voting shares of the Company.
- 13.5. An extraordinary meeting of the Company's Board of Directors shall be called by the Chairman of the Board of Directors within 15 calendar days from the date of the receipt of the appropriate written request by the Company from the abovementioned persons containing wording of issues proposed for discussion at the meeting of the Board of Directors and the grounds for raising such issues.
- 13.6. The agenda for the Board of Directors' meeting that the Chairman of the Company's Board of Directors convenes at the request of a member of the Company's Board of Directors, Auditor or executive body, shall include items put forward by said persons or bodies and other items included at the discretion of the Chairman of the Company's Board of Directors that fall within the remit of the Board of Directors according to the Federal Law "On Joint-Stock Companies" and the Charter of the Company.
- 13.7. All members of the Company's Board of Directors shall be notified of the venue, date, time and agenda of the Board of Directors' meeting. This shall be done through a notice sent to the email address specified in the form filled in by members of the Board of Directors or by registered mail or by wire to postal addresses specified by members of the Board of Directors. The said notice shall be sent to the members of the Board of Directors within 7 calendar days prior to the date of a forthcoming Board of Directors' meeting. In the event that the Board of Directors' meeting is convened to consider a request for the convocation of an Extraordinary General Meeting of Shareholders, notices shall be sent to the email address that the members of the Company's Board of Directors specified in their forms, or by facsimile within two days prior to the agreed date of the Board of Directors' meeting. It is responsibility of a member of the Board of Directors to inform the Company of their postal address and contact number. In the event that the Company has no information about the email address, postal address and contact number of a member of the Board of Directors, the Chairman of the Board of Directors or any other person who convenes a meeting shall not be held responsible for due notification of the member of the

Board of Directors about the Board's meeting.

- 13.8. At the same time as sending notice to the email address specified in the form filled in by members of the Board of Directors or by post / by wire, the Corporate Secretary of the Company may send the notices to members of the Board of Directors by facsimile using telephone (fax) numbers specified by members of the Board of Directors as their contact numbers.
- 13.9. Members of the Board of Directors may request information (materials) on agenda items for their consideration, which shall be submitted by the Corporate Secretary ahead of the next meeting of the Board of Directors; such information (materials) shall be sent to members of the Board of Directors simultaneously with the notice of the meeting. Members of the Board of Directors may also take their time when familiarizing with materials during office hours at the Corporate Secretary's office at the Company's premises.
- 13.10. In case the issues put to consideration of the Board of Directors are confidential (e.g., contracts or draft contracts containing the non-disclosure clause to which the Company is a party), members of the Board of Directors shall give the written commitment to the Company not to disclose the confidential information which they become aware of before obtaining the appropriate documents. In case of refusal by a member of the Board of Directors of the Company to provide the said commitment on nondisclosure of confidential information, the Corporate Secretary may refuse to provide the document for familiarization to such member of the Board of Directors.
- 13.11. Members of the Board of Directors shall personally participate in the work of this body. Transfer of the voting right by a member of the Board of Directors to other persons, including other members of the Board of Directors, is not allowed.
- 13.12. A member of the Board of Directors not present at the meeting of the Board of Directors shall notify the Chairman of the Board of Directors of their absence in good time.
- 13.13. A member of the Board of Directors not present at the meeting of the Board of Directors may submit to the Chairman of the Board of Directors a written opinion on agenda items of the meeting of the Company's Board of Directors in advance.
- 13.14. The quorum for the meeting of the Board of Directors is at least a half of elected members of the Board of Directors. For the purposes of quorum the members present at the meeting of the Board of Directors are considered as well as those who have submitted to the Chairman of the Board of Directors a written opinion on the agenda items prior to the beginning of the meeting of the Board of Directors in accordance with Clause 33.5 of NLMK Charter and Clause 13.13 of these Regulations.
- 13.15. Resolutions at meetings of the Board of Directors shall be adopted by means of open simple majority vote among the members of the Board of Directors present at the meeting, unless otherwise stipulated in this Charter and the Federal Law "On Joint-Stock Companies".
- 13.16. Each member of the Board of Directors has one vote when voting on items at the meetings of the Board of Directors. Transfer of the voting right by a member of the Board of Directors to another person, including another member of the Board of Directors, is not allowed.
- 13.17. Voting of members of the Board of Directors upon the agenda items at the meeting of the Board of Directors shall be executed by voting ballots for the agenda items, which shall be signed by each Board member present.
- 13.18. Members of the Board of Directors who vote against the resolution on the item put to the vote may submit their written opinion to the Corporate Secretary on that item within 2 calendar days at the latest from the date of the meeting which shall be attached to the minutes of the meeting of the Board of Directors.

Meetings of the Board of Directors may be held by absentee voting (by ballot) at the discretion of

the Chairman of the Board of Directors. In case the meeting of the Board of Directors is called at the discretion of the persons named in Cl. 33.3 of the Charter of the Company and Cl. 13.4 of these Regulations, the format of the meeting of the Board of Directors may be determined by the persons who have initiated convocation of the Board meeting.

13.18.1. Resolution of the Chairman of the Board of Directors on holding a meeting by ballot shall contain:

- Wording of the agenda items.
- Wording of draft resolutions upon the agenda items.
- The form of the ballot for voting by poll.
- List of information (materials) to be provided to members of the Board of Directors.
- Date of sending the ballots to members of the Board of Directors.
- Date and address for receipt of ballots for voting by poll.

13.18.2. The Chairman of the Board of Directors shall decide on holding the meeting by absentee voting (by ballot) within 5 calendar days at the latest from the moment when he receives the duly executed request from the persons named in the Clause 33.3. of the Charter of the Company.

13.18.3. A resolution to organize an absentee voting passed by the Chairman of the Board of Directors, ballots and any other information (material) to be provided to members of the Board of Directors shall be sent to the email address specified in the form filled in by members of the Board of Directors or by registered mail with return receipt requested or delivered personally to members of the Board of Directors against delivery receipt no later than the deadline set for providing the ballots to members of the Board of Directors. If any documents are sent by registered mail, the date of actual delivery to members of the Board of Directors shall be determined according to the date specified in the return receipt for the said correspondence.

13.18.4. The date for receipt of ballots sent in order to determine the results of the absentee voting in the course of passing resolutions by the Board of Directors may not be earlier than 5 and later than 15 calendar days from the date of sending ballots to members of the Board of Directors.

13.18.5. The date for receipt of the ballot from a member of the Board of Directors in the case of passing resolutions by absentee voting shall be determined by the date of the post office stamp on the registered mail with return receipt requested by which executed ballots were sent to the Board of Directors, or according to the date of actual delivery of the ballots to the address specified for receipt of ballots.

13.18.6. Members of the Board of Directors are considered having participated in the meeting of the Board of Directors held in the form of absentee voting in case their ballots were sent by mail or delivered at the address specified for receipt of ballots ahead of the determined deadline for receipt of ballots.

13.18.7. Upon the results of the absentee voting and within 3 days the Corporate Secretary of the Company shall draft the minutes, to which all ballots received from members of the Board of Director within the prescribed term shall be attached. Resolutions passed by the Board of Directors by absentee voting shall be announced to members of the Board of Directors according to the procedure provided by these Regulations and within 5 calendar days at the latest from the date of signing the appropriate minutes by the Chairman of the Board of Directors.

13.18.8. Resolution of the Board of Directors adopted at the meeting of the Board of Directors shall come into force from the date on which the results of the voting upon the appropriate issue are announced.

13.18.9. Resolution of the Board of Directors is considered adopted by absentee voting if it was supported by a majority of elected members of the Board of Directors.

ARTICLE 14. Minutes of meetings of the Board of Directors

14.1. The minutes of the Board meeting shall be kept by the Corporate Secretary or other person appointed by the Corporate Secretary. The minutes of the Board meeting shall be executed no later than 3 days from the date of the meeting.

14.2. The minutes of the Board meeting of shall include:

- Place and date of the meeting.
- Names of persons present at the meeting.
- Agenda of the meeting.
- Items put to the vote and the results of voting upon such items.
- Resolutions.

14.3. The minutes of the meeting of the Company's Board of Director shall be signed by the person presiding at the meeting who is responsible for the accuracy of the minutes, and by the Corporate Secretary, and shall be affixed by the seal of the Corporate Secretary of the Company.

14.4. Voting ballots with the agenda items, written opinions received from members of the Board of Directors according to the procedure provided by the Charter of the Company, voting ballots and other documents to be provided by members of the Board of Directors according to these Regulations shall be attached and/or filed to the minutes of the Board meeting.

14.5. The Company shall keep the minutes specified in Cl. 14.4 at the location of its executive body or in another place determined by the Board of Directors of the Company. The Corporate Secretary of the Company is responsible for keeping the archive of said documents and materials.

ARTICLE 15. Relationships with other management and control bodies of the Company

15.1. Resolutions passed by the General Shareholders' Meeting of the Company within the competence of this supreme management body determined by the Federal Law "On Joint-Stock Companies" and the Charter of the Company are binding for the Board of Directors.

15.2. The Board of Directors shall be represented before other management and/or control bodies of the Company by the Chairman of the Board of Directors or by another person duly authorized by a resolution of the Board of Directors and acting by the power of attorney signed by the Chairman of the Board of Directors.

15.3. Members (member) of the Board of Directors who have the opinion other than the agreed position of the Board of Directors upon any issue referred to the competence of the Board of Directors may set forth their arguments and announce their opinion to shareholders at the General Shareholders' Meeting of the Company.

15.4. Member of the Board of Directors who disagree with any resolution passed by the Board of Directors may not argue or comment on that resolution of the Board of Directors in mass media until that resolution of the Board of Directors is recognized as invalid in a court of law.

15.5. The President (Chairman of the Management Board) of the Company, members of the Management Board of the Company and heads of business units of the Company (within their competence) shall promptly provide any complete and reliable information upon request from

members of the Board of Directors concerning the operations of the Company, its subsidiaries and affiliates, as well as complete and reliable information on the agenda items of the meeting of the Board of Directors, except information that is a state secret or another legally protected secret. In this case the information requested shall be submitted to the Corporate Secretary to be announced by him to the member of the Board of Directors who made the request.

15.6. If it is impossible to provide the requested information to the Board members, the collegial management bodies and executives of the Company shall promptly inform the Corporate Secretary in writing of the reasons for the impossibility of providing this information.

15.7. For failure to comply with the obligation to provide the requested information provided for by these clauses, the parties at fault shall be liable under the law.

ARTICLE 16. Responsibility of members of the Board of Directors

16.1. Members of the Board of Directors shall exercise their rights and perform their duties for the benefit of the Company, reasonably and in good faith.

16.2. Members of the Board of Directors bear full material responsibility before the Company for direct actual loss and damages incurred to the Company by their guilty actions (omissions), unless other grounds and amount of responsibility are stipulated in federal laws. However, members of the Board of Directors who voted against the resolution, which had caused such damages to the Company or did not participate in that voting, shall not be held responsible.

16.3. Ordinary course of business and other circumstances having significance for the case may be taken into account in determining the grounds of responsibility and the amount of loss (damages).

16.4. The Company or shareholder(s) possessing no less than 1 per cent of distributed common shares of the Company may apply to the court of law with a claim against a member of the Board of Directors for recovery of damages incurred by the Company in the case envisaged by Clause 16.2 of these Regulations.

ARTICLE 17. Approval and amendments of the Regulations on the Board of Directors

17.1. The Regulations on the Board of Directors are subject to approval by the General Shareholders' Meeting of the Company and are binding for all members of the Board of Directors.

17.2. These Regulations shall be amended and/or supplemented as well as approved as amended by the General Shareholders' Meeting.

17.3. In case certain provisions of these Regulations become contradicting to any amendments made in the applicable legislation of the Russian Federation, such provisions of the Regulations shall not be applied; in this case members of the Board of Directors shall act in accordance with the applicable legislation of the Russian Federation and provisions of the Charter of the Company.