



NOVOLIPETSK STEEL

APPROVED

by the Board of Directors
of Public Joint Stock Company
“Novolipetsk Steel”

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**REGULATIONS
ON HR, REMUNERATIONS
AND SOCIAL POLICY COMMITTEE**

of Public Joint Stock Company
“Novolipetsk Steel”
(revised)

Lipetsk
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CHAPTER 1. GENERAL

These Regulations on HR, Remunerations and Social Policy Committee (hereinafter “the Committee”) have been elaborated in accordance with the applicable legislation of the Russian Federation, the Corporate Governance Code recommended for application by the Bank of Russia, the Charter, and other corporate documents of Public Joint Stock Company “Novolipetsk Steel” (hereinafter “the Company”).

These Regulations set out the status, objectives, tasks, and functions of the Committee as well as its composition, procedure of its formation and operation.

The Committee is accountable for its activities to the Board of Directors of the Company and is a consulting body thereof.

CHAPTER 2. PURPOSES, OBJECTIVES AND FUNCTIONS OF HR, REMUNERATIONS AND SOCIAL POLICY COMMITTEE

2.1. The main purpose of the Committee is to ensure the efficient operation of the Company’s Board of Directors in its decision-making upon the following issues:

- appointment of members of the Company’s management bodies and other key employees, preparation of candidates to substitute the positions of the Company’s management body members and other key officials;
- evaluation of the Company’s management body members and other key officials;
- remuneration of the Company’s management body members and other key officials;
- social policy of the Company.

2.2. The main objective of the Committee is the preliminary review, development and issuance of recommendations to the Company’s Board of Directors on the following issues:

- priority directions in the area of appointment, evaluation, development and remuneration of the Company’s management body members and other key officials;
- staff planning, strengthening of the occupational structure and performance of the Company’s Board of Directors;
- staff planning and preparation of candidates to substitute the positions of the Company’s management body members and other key officials;
- formation of an efficient and transparent practice of remuneration payable to members of the Company’s management bodies and other key officials;
- other issues including the formation of the social policy.

2.3. For the purposes of unprejudiced and independent issuance of recommendations to the Board of Directors of the Company, the Committee, in pursuance of its tasks, shall perform the following functions:

- 2.3.1 formation, analysis and evaluation of observance of the Company’s HR strategy;
- 2.3.2 assessment of the field of expertise, experience, independence of the members of the Company’s Board of Directors and of Committees with the Board of

- Directors, and their participation in the Board activities; determination of priority directions with a view to strengthen the composition of the Company's Board of Directors;
- 2.3.2 annual evaluation (self-assessment or external evaluation) of performance of the Company's Board of Directors, its members and its Committees with a particular attention to the individual contributions of directors to the work of those bodies; compilation of a report on the results of such evaluation;
 - 2.3.3 description of individual responsibilities of the Chairman and of the members of the Company's Board of Directors including the measuring of time for the examination of matters related to the Company operations both in the meetings and outside of meetings, in pursuit of scheduled and unscheduled activities;
 - 2.3.4 arrangement of the preparation of the introductory course program for newly elected members of the Company's Board of Directors to inform the new directors about the key Company assets, its strategy, business practice, structure of organization and top management, as well as the procedures of the Company's Board functioning; supervision over the actual implementation of the course;
 - 2.3.5 arrangement of the preparation of the basic and advanced training course programs for members of the Company's Board of Directors, customized for individual needs of its individual members; supervision over the actual program implementation;
 - 2.3.6 analysis of current and anticipated Company demands to the qualification of Management Board members, President (Chairman of the Management Board) and other key officials of the Company, which arise out of the Company's need to develop and be competitive; planning of appointments, also with a view to ensure the succession in job;
 - 2.3.7 preliminary evaluation of candidates for Management Board members, President (Chairman of the Management Board), Corporate Secretary and other key officials of the Company, working out relevant recommendations to the Company's Board of Directors;
 - 2.3.8 analysis of the professional qualification and independence of each and all candidates proposed for members of the Company's Board of Directors, using the information available to the Committee as the basis for analysis;
 - 2.3.9 communication with shareholders, which shall not be limited to the major ones, on the subject of working out and issuing recommendations related to the voting on the matter of electing candidates to the Company's Board of Directors;
 - 2.3.10 elaboration and regular reviewing of the Company's remuneration policy (including the principles and criteria for the determination of the remuneration amount) in relation to the members of the Board of Directors, Management Board, President (Chairman of the Management Board) and other key officials of the Company; assistance in the compilation and regular reviews of the parameters of short-term and long-term motivation programs for the members

- of the Management Board, President (Chairman of the Management Board); supervision over their introduction and implementation;
- 2.3.11 development and issuance of recommendations to the Company's Board of Directors regarding the material terms and conditions of contracts (taking into account all the material obligations incurred by the Company and their terms) concluded with members of the Management Board, President (Chairman of the Management Board), Corporate Secretary and other key officials of the Company, including the conditions of such contract modification and termination (early termination);
- 2.3.12 preliminary assessment of performance of the President (Chairman of the Management Board), members of the Management Board and other key officials of the Company as of the year end, in accordance with the remuneration policy; issuance of recommendations to the Company's Board of Directors, including recommendations on possible changes of the remuneration amount and resorting to other forms of award, as well as the preliminary assessment of the achievement of the set objectives by the a.m. officials in the frameworks of the long-term motivation program;
- 2.3.13 elaboration of recommendations to the Board of Directors of the Company related to the determination of the amount of additional remuneration to the Corporate Secretary of the Company;
- 2.3.14 analysing and informing the Company's Board of Directors on the policy and programs of remuneration paid to members of management bodies in other companies and on the main development trends of the social policy pursued by Federal State governmental authorities, local governmental authorities, and other companies;
- 2.3.15 presenting proposals of Company participation in non-commercial organizations dedicated to the implementation of social programs, to the consideration of the Board of Directors;
- 2.3.16 analysis of information on changes in personal data presented by members of the Company's Board of Directors, which is to be disclosed by members of the Board of Directors according to the current Russian legislation, Company's internal documents setting forth the procedure of determining interest/no interest in transactions made by the Company, when the Board of Directors takes respective decisions; incipience and discontinuance of affiliation to the Company; incidence of circumstances hindering effective performance in the capacity of a member of the Company's Board of Directors, including the occurrence of a conflict of interest;
- 2.3.17 consultative assistance required by the Company's Board of Directors for the elaboration of strategy upon the following issues:
- implementation of social programs, provision of benefits and security ensured by the Company's profit;
 - creation of favourable conditions for monitoring the spending of funds allocated to social programs;
 - assurance of transparency and accessibility of the social programs undertaken by the Company;

- development of corporate social programs providing for health-improvement opportunities, physical training and sports, cultural recreation, additional retirement benefits and voluntary medical insurance to the employees and their families;
 - taking environment protection, labour safety and occupational safety measures and activities;
 - provision of charitable aid.
- 2.3.18 control over the implementation of resolutions regarding personnel and remunerations to members of the Company’s management bodies, Audit Commission, and other key officials, and decisions related to the social policy;
- 2.3.19 supervision over the disclosure of information about the policy and practice of remuneration payment, and on the shareholding of members of the Board of Directors, Management Board, President (Chairman of the Management Board), in the annual statement and on the Company’s corporate web-site;
- 2.3.20 annual preparation of the report on the results of Committee operations which should include the report on practical implementation of the remuneration policy in relation to members of the Company’s Board of Directors, Management Board, President (Chairman of the Management Board), and other key officials, to integrate it in the Company’s annual statement and other documents.

CHAPTER 3. COMPOSITION OF HR, REMUNERATIONS AND SOCIAL POLICY COMMITTEE AND ITS FORMATION

- 3.1. The Committee shall be comprised of 3 (three) members or more, to be elected by a simple majority vote of members of the Company’s Board of Directors participating in the meeting.
- 3.2. The election of members and Chairman of the Committee as well as early termination of powers of all or some members of the Committee are subject to the resolution of the Company’s Board of Directors.
- 3.3. The composition of the Committee shall allow for a comprehensive examination of issues discussed, taking into account different opinions.
- 3.4. The Committee can only be formed of the Company’s Board members who are independent directors; where this condition cannot be satisfied due to objective reasons, the majority of the Committee members shall be independent directors, and the other Committee members can be members of the Company’s Board of Directors who are non-executive directors. Independent members of the Company’s Board of Directors shall be evaluated against the set of criteria for the determination of independence of Board members, which are prescribed by the Regulations on the Board of Directors of the Company.
- 3.5. The Committee maintains its authorities for the duration of authorities of the Company’s Board of Directors until the election of the new Board.
- 3.6. The Committee members shall be professionally trained, knowledgeable and experienced in the fields of the Committee activities, and shall possess such other

knowledge which may be necessary for the execution of their powers, possibilities and time to carry out the functions of a member of the Committee.

- 3.7. If necessary, experts and consultants can be engaged to work with the Committee on a temporary or permanent basis, with no right to vote at decision-making on issues pertaining to the Committee competence.
- 3.8. The Committee shall be presided by the Committee Chairman, whose main task is to ensure fairness when elaborating recommendations by the Committee to the Board of Directors of the Company.
- 3.9. The Committee Chairman shall arrange the Committee's work, particularly:
 - call meetings of the Committee and preside at such meetings;
 - define the form of meetings;
 - develop regular Committee meeting plans for the current year based on the approved work plan of the Company's Board of Directors;
 - develop agendas for the Committee meetings;
 - determine the list of persons to be invited to meetings;
 - arrange the discussion of issues at the Committee meetings;
 - arrange keeping of the minutes at Committee meetings and signing thereof;
 - sign and submit to the Company's Board of Directors draft documents (programs, memoranda, etc.) on behalf of the Committee;
 - maintain regular communications with the Management Board members, President (Chairman of the Management Board), Corporate Secretary and other key officials Company;
 - appoint the secretary of the Committee;
 - ensure compliance with the requirements of RF legislation and internal documents of the Company in the course of the Committee operation.

CHAPTER 4. PROCEDURE OF CONVOCATION AND HOLDING OF MEETINGS OF HR, REMUNERATIONS AND SOCIAL POLICY COMMITTEE

- 4.1. The first meeting of a new Committee is to be held within 30 working days from the meeting of the new Board of Directors at which the Chairman of the Committee and members of the Committee were elected.
- 4.2. The meetings of the Committee shall be held in accordance with the annual work plan approved by the Committee Chairman.
- 4.3. Decisions to convene an extraordinary Committee meeting, the date, time and venue of the meeting, the agenda and the list of persons invited to the meeting shall be made by the Committee Chairman.
- 4.4. Meetings of the Committee may be held in the form of joint presence of the Committee members or in the form of absentee voting.

- 4.5. When required, non-members who possess professional knowledge and competence necessary for solving issues under Committee's consideration can be invited to a meeting subject to approval of the Committee Chairman.
- 4.6. The meeting of the Committee shall be considered valid (having a quorum) in case not less than a half of its members are present. Presence of the quorum shall be determined by the Chairman of the Committee at the opening of the meeting.
- 4.7. Each member of the Committee shall have one vote for the purposes of passing resolutions on agenda issues. Votes cannot be transferred by one Committee member to another.
- 4.8. Resolutions of the Committee shall be passed by a simple majority of votes of the members participating in the Committee meeting.
- 4.9. The resolutions passed by the Committee shall be recorded in Minutes of the Committee's meeting, compiled by the Committee Secretary within 3 (three) working days from the Committee's meeting, and signed by the Chairman.
- 4.10. The Minutes of meeting of the Committee shall specify: form, venue, date and time of the meeting; persons present at the meeting, agenda, issues put to vote, proposed wording of resolutions, voting results, passed resolutions.
- 4.11. Materials and documents approved by the Committee shall be filed to the minutes of meeting.

CHAPTER 5. ACCOUNTABILITY AND RESPONSIBILITY OF MEMBERS OF THE HR, REMUNERATIONS AND SOCIAL POLICY COMMITTEE

- 5.1. The Committee shall submit an annual report on the results of its activities to the Company's Board of Directors not later than 90 days after the end of a reporting year, to integrate it in the Company's annual statement and other documents.
- 5.2. The Committee members shall bear responsibility in accordance with the effective Russian legislation, the Charter and other internal documents of the Company.

CHAPTER 6. PROCEDURE OF APPROVAL AND AMENDMENT OF THESE REGULATIONS

- 6.1. The present Regulations, as well as all the additions and amendments to them are subject to approval of the Company's Board of Directors.
- 6.2. All the issues not covered by these Regulations, shall be governed by the Company Charter, Regulations on the Board of Directors and other internal documents of the Company.
- 6.3. Should any provisions of these Regulations come into conflict with any amendments to the applicable legislative and statutory acts of the Russian Federation, such provisions of these Regulations shall be rendered void, and the Committee members shall be guided by the effective Russian legislation until these Regulations are modified accordingly.