

**REGULATIONS ON REMUNERATION  
OF MEMBERS OF THE BOARD OF DIRECTORS OF  
OPEN JOINT STOCK COMPANY "NOVOLIPETSK STEEL"**  
(revised)

These Regulations have been developed in accordance with the Federal Law "On Joint Stock Companies", the Charter of Open Joint Stock Company "Novolipetsk Steel" (hereinafter "NLMK"), Regulations on NLMK's Board of Directors and determine terms and conditions as well as the procedure for payment of remuneration and coverage of expenses to NLMK's Board of Directors members related to their performing the functions of the Board of Directors members during the period of their duties execution /from the moment of election to the Board of Directors till the date of termination of powers of the Board of Directors member (hereinafter – settlement period)/.

**1. Remuneration paid to members of the Board of Directors**

- 1.1. Remuneration shall be paid to members of the Board of Directors for reasonable and fair exercise of their rights and performance of their duties in the interests of NLMK.
- 1.2. Remuneration to members of the Board of Directors for performing their obligations consists of basic remuneration and premium. Remuneration shall be paid to members of the Board of Directors based on, in the amount and in the order established by these Regulations.
- 1.3. Basic remuneration amount shall be established pursuant to the resolution of NLMK's General Shareholders' Meeting. A member of the Board of Directors shall be entitled for basic remuneration if he participated in over half of the Board of Directors Meetings for a settlement period.
- 1.4. Basic remuneration amount paid to members of the Board of Directors depending on their participation in the work of such body in accordance with cl. 1.3 of these Regulations may be increased:
  - 1.4.1. Up to 50% of the basic remuneration - to a person performing the duties of the Chairman of the Board of Directors considering his functions related to organization of work of the subject management body of NLMK;
  - 1.4.2. Up to 25% of the basic remuneration - to a member of any one Committee with the Board of Directors (who participated in over half of its meetings), and up to 50% of the basic remuneration - to a member of 2 and more Committees;
  - 1.4.3. Up to 40% of the basic remuneration - to a Chairman of any Committee with the Board of Directors (who participated in over half of its meetings), and up to 80% of the basic remuneration - to a Chairman of 2 and more Committees;
  - 1.4.4. In case a member of the Board of Directors performs several additional duties specified in clauses 1.4.-1.4.3., remunerations for performing each of such duties shall be summed up.
- 1.5. A premium in an amount not exceeding double basic remuneration may be paid to a member of the Board of Directors depending on his/her personal contribution to the operation of the Board of Directors and Committees with the Board of Directors, based on recommendations of HR, Remunerations and Social Policy Committee with the Board of Directors.
- 1.6. The basis for remuneration payment is the resolution of the General Shareholders' Meeting of NLMK.

- 1.7. Remuneration to members of the Board of Directors shall be paid in the RF currency (RUB) at the exchange rate of the Bank of Russia on the date of adopting a resolution by NLMK's General Shareholders' Meeting as per a personal application of a Board member.

## **2. Reimbursement of expenses to members of the Board of Directors**

- 2.1. NLMK shall indemnify members of the Board of Directors against the costs directly connected with performance of their duties, including:

- expenses arising in connection with journey of members of the Board of Directors to the venue of the meetings of the Board of Directors (Committees with the Board of Directors) and/or General Shareholders' Meetings of NLMK;
- expenses arising in connection with accommodation of members of the Board of Directors during the period of conducting meetings of the Board of Directors (Committees with the Board of Directors) and/or General Shareholders' Meetings of NLMK;
- representation expenses;
- expenses related to specialists' professional consulting services regarding the issues under consideration at the meetings of the Board of Directors (Committees with the Board of Directors), as well as related to the translation of documents/materials for the meetings of the Board of Directors (Committees with the Board of Directors), submitted for studying by the Board of Directors members into a foreign language of the Board of Directors member;
- other expenses related to performance by the members of the Board of Directors (Committees with the Board of Directors) of their duties.

Maximum amount of expenses to be reimbursed by NLMK and incurred by the Board of Directors member for a settlement period shall be established according to the resolution of NLMK's General Shareholders' Meeting and cannot exceed 30% of basic remuneration. A member of the Board of Directors shall be entitled for reimbursement if he participated in over half of the Board of Directors Meetings.

- 2.2. Expenses shall be reimbursed in accordance with the order of the Chairman of the Board of Directors issued on the basis of application of a member of the Board of Directors to reimburse expenses and information of a Corporate Secretary proving participation of this member of the Board of Directors in the work of such body. Application of a member of the Board of Directors shall be accompanied by original documents confirming actual expenses (tickets, bills, receipts, etc.).
- 2.3. The Board of Directors may adopt at its meeting, by a majority of votes of elected members, a resolution on refusal to reimburse the expenses to a member of the Board of Directors, in case it is proved that the actions of such member were directed against NLMK's interests.