



NOVOLIPETSK STEEL

APPROVED

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

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**REGULATIONS
ON HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES COMMITTEE**

Novolipetsk Steel
(revised)

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CHAPTER 1. GENERAL PROVISIONS

These Regulations on NLMK Human Resources, Remuneration and Social Policies Committee (hereinafter referred to as “the Committee”) have been developed in line with the applicable legislation of the Russian Federation, the Corporate Governance Code recommended for use by the Bank of Russia, the Charter, and other corporate documents of Public Joint Stock Company “Novolipetsk Steel” (hereinafter referred to as “the Company”).

These Regulations define the status, purposes, objectives, and functions of the Committee as well as its composition, procedure for its formation and operation.

The Committee reports to the Board of Directors of the Company and is a consulting body thereof.

CHAPTER 2. PURPOSES, OBJECTIVES AND FUNCTIONS OF THE HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES 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 on the following issues:

- Appointment of members of the Company’s management and other key employees, training of succession candidates for the Company’s management and other key employees;
- Evaluation of the Company’s management and other key employees;
- Remuneration of the Company’s management and other key employees;
- Social policy of the Company.

2.2. The main objective of the Committee is to do a preliminary review, develop and issue recommendations to the Company’s Board of Directors on the following matters:

- Priorities in terms of appointment, evaluation, development and remuneration of the Company’s management and other key employees;
- Employees planning, strengthening of professional expertise and performance of the Company’s Board of Directors;
- Employees planning and training of succession candidates for the Company’s management and other key employees;
- Development of an efficient and transparent remuneration practice for members of the Company’s management and other key employees;
- Other issues, including social policy development.

2.3. For the purposes of developing objective and independent recommendations to the Board of Directors of the Company, the Committee shall perform the following functions in line with its objectives:

- 2.3.1 Form, analyze and evaluate the observance of the Company’s HR strategy.
- 2.3.2 Assess the expertise, experience, and independence of the members of the Company’s Board of Directors and of its Committees, and their involvement in the Board activities; determine priority paths to strengthen the composition of the Company’s Board of Directors.
- 2.3.3 Annually evaluate (self-assessment or external evaluation) the performance of the Company’s Board of Directors, its members and its Committees, focusing on the individual contribution of the directors to the work of those bodies; prepare a report on the results of such evaluations.

- 2.3.4 Describe individual responsibilities of the Chairman and members of the Company's Board of Directors, including establishing a timeframe for reviewing matters related to the Company operations both in and out of meetings, as part of scheduled and unscheduled activities.
- 2.3.5 Organize the development of an induction course for newly elected members of the Company's Board of Directors to familiarize the new directors with the Company's key assets, its strategy, business practice, organizational structure and top management, as well as its Board of Directors functioning procedures; supervise practical implementation of the course.
- 2.3.6 Organize the development of basic and advanced training programmes for members of the Company's Board of Directors, customized for its individual members; supervise practical implementation of these programmes.
- 2.3.7 Analyze the current and projected Company requirements in terms of the qualification of Management Board members, President (Chairman of the Management Board) and other key employees of the Company in light of the Company's need to develop and be competitive; plan appointments to ensure succession.
- 2.3.8 Make a preliminary assessment of candidates for the role of Management Board members, President (Chairman of the Management Board), Corporate Secretary and other key employees of the Company; make recommendations thereof to the Company's Board of Directors.
- 2.3.9 Analyze the professional qualification and independence of all candidates nominated to the Company's Board of Directors using all the information available to the Committee.
- 2.3.9.1 Assess potential candidates for the Board of Directors of the Company, including by competency and experience necessary to achieve the strategic objectives of the Company, and compliance with the independence criteria.
- 2.3.10 Communicate with shareholders, not just the major ones, in order to develop and issue recommendations related to voting on the election of candidates to the Company's Board of Directors.
- 2.3.11 Elaborate and regularly review the Company's remuneration policy (including the principles and criteria for determining the remuneration amount) for members of the Board of Directors, Management Board, President (Chairman of the Management Board) and other key employees of the Company; assist in the development and regular reviews of short-term and long-term motivation programs parameters for members of the Management Board, President (Chairman of the Management Board); supervise their introduction and implementation.
- 2.3.12 Develop and issue 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 employees of the Company, including the conditions for modifying and terminating (early termination) such contracts.
- 2.3.13 Carry out a preliminary end of year assessment of performance of the President (Chairman of the Management Board), members of the Management Board and other key employees of the Company in line with the remuneration policy; issue recommendations to the Company's Board of Directors, including recommendations on possible changes to the remuneration amount and providing other incentives, as well as a preliminary assessment of KPI performance by these persons as part of the long-term

motivation programme.

- 2.3.14 Develop recommendations to the Board of Directors of the Company regarding the amount of additional remuneration for the Corporate Secretary of the Company.
- 2.3.15 Analyze and inform the Company's Board of Directors on the management remuneration policy and programs in other companies and on key social policy development trends pursued by Federal State governmental authorities, local governmental authorities, and other companies.
- 2.3.16 Present proposals on Company participation in non-commercial organizations focused on social programs, for consideration by the Board of Directors.
- 2.3.17 Analyze information on changes to personal data submitted by members of the Company's Board of Directors that is subject for disclosure by members of the Board of Directors in line with the current Russian legislation, Company's internal documents setting forth the procedure for determining related party transactions made by the Company, when the Board of Directors takes respective decisions; occurrence and termination of affiliation to the Company; occurrence of circumstances hindering effective performance in the capacity of a member of the Company's Board of Directors, including conflicts of interest.
- 2.3.18 Provide consulting support required by the Company's Board of Directors to develop a strategy on the following issues:
- Implementation of social programs, provision of benefits and securities ensured by the Company's profit;
 - Creation of favorable conditions for monitoring the spending of funds allocated to social programmes;
 - Assurance of transparency and accessibility of social programmes pursued by the Company;
 - Development of corporate social programs providing health care, physical training and sports, cultural recreation, additional retirement benefits and voluntary medical insurance to the employees and their families;
 - Activities in occupational health and safety;
 - Provision of charitable aid.
- 2.3.19 Supervise the execution of resolutions adopted by the Company's Board of Directors regarding personnel and remuneration to members of the Company's management, and other key employees, and decisions related to social policies.
- 2.3.20 Supervise disclosure of remuneration policy and practice, and on share ownership of members of the Company's Board of Directors, Management Board, President (Chairman of the Management Board), in the Annual Report and on the Company's corporate website.
- 2.3.21 Prepare annual reports on Committee results, including a report on the practical implementation of remuneration policy principles in relation to members of the Company's Board of Directors, Management Board, President (Chairman of the Management Board), and other key employees, to be included in the Company's Annual Report and other documents.

CHAPTER 3. COMPOSITION OF THE HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES COMMITTEE AND ITS FORMATION

- 3.1. The Committee shall be comprised of 3 (three) members or more, to be elected by a simple majority of votes of members of the Company's Board of Directors participating in the meeting.
- 3.2. 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. 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 that are independent directors; where this condition cannot be observed 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 that are non-executive directors. The independent status of members of the Company's Board of Directors shall be evaluated against a set of criteria for determining the independence of Board members as defined by the Regulations on NLMK Board of Directors.
- 3.5. The Committee remains in office for the duration of the Company's Board of Directors term of office until a new Board is elected.
- 3.6. Committee members shall be professionally trained, knowledgeable and experienced in the areas of the Committee activities; shall possess other knowledge that may be necessary for the execution of their powers; and shall have the possibility 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 on issues that fall within the competence of the Committee.
- 3.8. The Committee shall be presided by the Committee Chairman, whose main task is to ensure objectivity when developing Committee recommendations for the Board of Directors of the Company.
- 3.9. The Committee Chairman shall organize the work of the Committee, i.e.:
 - Convene meetings of the Committee and preside at such meetings;
 - Define the meeting format;
 - Develop a schedule for regular Committee meetings for the current year based on the approved Board of Directors' schedule;
 - Develop agendas for Committee meetings;
 - Determine the list of persons to be invited to meetings;
 - Organize discussions on agenda items at Committee meetings;
 - Ensure that Committee meeting minutes are kept, sign them;
 - Sign and submit draft documents (programmes, memoranda, etc.) to the Company's Board of Directors on behalf of the Committee;
 - Maintain regular communications with the Management Board members, President (Chairman of the Management Board), Corporate Secretary and other key Company employees;
 - Appoint the secretary of the Committee;

- Ensure compliance with the requirements of the Russian legislation and internal documents of the Company in the course of Committee operations.

CHAPTER 4. PROCEDURE FOR CONVENING AND HOLDING HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES COMMITTEE MEETINGS

- 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. Meetings of the Committee shall be held in accordance with the annual schedule approved by the Committee Chairman.
- 4.3. Decisions on the convocation of 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 the Committee's consideration can be invited to a meeting subject to approval by the Committee Chairman.
- 4.6. A meeting of the Committee shall be considered valid (having a quorum) in case no less than half of its members are present. Presence of a 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 the minutes of the Committee's meeting to be drawn up by the Committee Secretary within 3 (three) working days from the Committee's meeting, and signed by the Chairman.
- 4.10. The minutes of Committee meetings shall specify: the format, venue, date and time of the meeting; persons present at the meeting; agenda and issues put to vote; draft resolutions, voting results, and passed resolutions.
- 4.11. Materials and documents approved by the Committee shall be filed together with the minutes of the meeting.

CHAPTER 5. ACCOUNTABILITY AND RESPONSIBILITY OF HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES COMMITTEE MEMBERS

- 5.1. The Committee shall submit an annual report on the results of its activities to the Company's Board of Directors no later than 90 days after the end of the reporting year, to be integrated into the Company's annual report and other documents.
- 5.2. 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 FOR APPROVAL AND AMENDMENT OF THESE REGULATIONS

- 6.1. The present Regulations, as well as all the additions and amendments thereof are subject to approval by the Company's Board of Directors.
- 6.2. All 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 shall lose legal force; and Committee members shall be guided by the effective Russian legislation until these Regulations are modified accordingly.