

GOVERNANCE: BOARD OF DIRECTORS

Today the quality of governance is an important competitive advantage, often setting apart the winners from the losers. Over the past decades, NLMK has been consistently and steadily working on improving the quality of its corporate governance system. Our position in the sector speaks for the results. Our members of the Board of Directors and the Management Board have vast experience in crisis management and growth in challenging market conditions. Last year two independent directors – Mr Struzl and Mr Wieser – joined the Board. Their extensive experience in managing global companies, the leaders in their respective sectors, will help us improve the quality of our decision-making processes and protect the interests of our shareholders.

Vladimir Lisin

Chairman of the Board of Directors



1. VLADIMIR LISIN (1956)

Chairman

Appointment: Chairman of the Board since 1998, Board member since 1996

Education: Graduated from the Siberian Metallurgical Institute.

In 1990 graduated from the Moscow Higher School of Commerce. In 1992 graduated from the Academy of National Economy under the Government of the Russian Federation, Moscow in Economics and Management. Ph.D., Tech.; Ph.D., Economics; Professor, Department of Market and Economy Issues, Academy of National Economy.

Winner, USSR Council of Ministers prize for Science and Technology. Honorary Metallurgist of the Russian Federation. Knight of the Order of Honour.

Professional experience: Started career in 1975. Worked at Tulachemet, rising from assistant steelmaker to shop manager.

From 1986 worked as Deputy Chief Engineer, and Deputy CEO of the Karaganda Steel Plant. Member of Boards of Directors of several leading Russian steel companies since 1993.

2. VLADIMIR SKOROKHODOV (1951)

Deputy Chairman of the Board

Appointment: Board member since 1996

Education: Graduated from Moscow Institute of Steel and Alloys in 1973. In 1976 completed post-graduate studies and obtained a Ph.D.

Ph.D., Tech. (1991). Professor. Holder of National Prize for Science and Technology. Author of 6 books and holder of 158 patents.

Professional Experience: Between 1977 and 1991 worked as researcher, head of laboratory, Deputy Director of the Bardin Central Institute of Ferrous Metallurgy, Moscow. Between 1992 and 1994 worked as Chief Expert in the Ministry of Industry and the Ministry of Economy of the Russian Federation.

3. OLEG BAGRIN (1974)

Board member

Appointment: Board member since 2004

Education: Graduated from the State Management University in 2001, Ph.D., Economics, holds a degree in business administration from the University of Cambridge.

Professional experience: Director of Libra Capital, investment management company. Prior to joining NLMK was Deputy Chairman of AKB Avtobank in Moscow.

4. NIKOLAI GAGARIN (1950)

Board member

Appointment: Board member since 2001

Education: Graduated from Moscow State University, majored in Law.

Professional experience: Since 2003 Chairman at Reznik, Gagarin and Partners Law Offices. Managing Partner since 1999.

Merited Lawyer of Russia.

5. KAREN SARKISOV (1963)

Board member

Appointment: Board member since 2010

Education: Graduated from Tashkent State University in 1986, majored in Oriental History.

Professional experience: From early 1990s to 2008 held various executive offices in metals trading companies. In 2006–2007 was Chairman of VIZ–Stal steel mill, Russia. Adviser to the Chairman of the Board of NLMK since 2009.



6. KARL DOERING (1937)

Board member

Appointment: Board member since 2006

Education: Graduated from the Moscow Institute of Steel and Alloys. Ph.D., Tech.; Ph.D., Economics.

Professional experience: Between 1967 and 2000 held senior positions in metal companies in E.Germany. From 1979 to 1985 was Deputy Minister, Mining, Metals and Potassium Industry Ministry, E.Germany.

Represented USINOR in Central and Eastern Europe.

Currently heads Project Consulting company.

7. HELMUT WIESER (1953)

Board member

Appointment: Board member since 2011

Education: Received a Master's degree in Mechanical Engineering and Economics in 1981 from the University of Graz.

Professional experience: Serves on the board of governors of the International Graduate University in Washington, D.C. on Capitol Hill.

Until November 2011 was an Executive VP and Group President of Alcoa. He also oversaw Alcoa's businesses in the Asia Pacific region. Before that he worked for Austria Metal Group (AMAG) for 10 years, including as executive board member and COO. Earlier, he held several senior positions with Voestalpine, including President of Voestalpine Venezuela.

8. FRANZ STRUZL (1942)

Board member

Appointment: Board member since 2011

Education: Graduated from the University of Economics, Vienna in 1964.

Professional experience: Joined Alpine Steelgroup, later Voestalpine AG, Austria, in 1967. In 1981 he was appointed CFO before becoming CEO of Voestalpine Long Products Group and a member of the Executive Board in 1991. From 1995 until 2001 he served as Vice Chief Executive Officer of Group. In 2001 appointed as Voestalpine Group CEO and Chairman. He held the position until 2004, when he moved to become CEO of Voestalpine, Brazil – Villares Metals, remaining there until 2010.

9. BRUNO BOLFO (1941)

Board member

Appointment: Board member since 2007

Education: Studied economics at the University of Parma. Holds an honorary degree in Economics from the University of Genoa.

Professional experience: Currently President of Duferco S.A., Chairman of the Management Board of Duferco Participations Holding S.A.

From 1962 to 1978 served as the Director for Exports and was responsible for operations in North America at Italsider, an Italian state-owned metals company. In 1979 he founded Duferco, which has grown into one of the world's largest specialists in trade, production and transport of steel products.

GOVERNANCE: MANAGEMENT BOARD



1. ALEXEY LAPSHIN (1947)

President (Chairman of the Management Board)

Education: Graduate of the Orsk Petroleum Vocational Training School and the All-Union Distance Learning Polytechnic Institute.

Professional experience: General Director of DanSteel A/S from 2006 and a management and technical consultant with DanSteel A/S prior to that. Head of Department at Rumelco from 1999 to 2002, at the same time serving on the Board of NLMK. Started his career at Gaiskiy mining company in 1967, and then worked for Yuzhuralnickel non-ferrous metals production facility between 1975 and 1994, starting as a foreman and rising to become Deputy CEO.

2. IGOR ANISIMOV (1965)

Senior Vice-President, General Director

Education: Graduated from the Karaganda State University and the All-Russian Distance-Learning Institute of Finance and Economics. Ph.D., Economics.

Professional experience: Served as Vice-President, Technical Upgrade and Construction, NLMK, between 2007 and 2010.

Served as Vice-President, Purchasing, between 2006 and 2007. Worked as Purchasing Director of NLMK from 2001 to 2006, prior to which he was holding various managerial positions at NLMK where he started his career with NLMK in 1995 as an engineer.

3. GALINA AGLYAMOVA (1961)

Vice-President, CFO

Education: Graduated from the Moscow Institute of Steel and Alloys.

Ph.D., Economics. Merited Economist of Russia.

Professional experience: NLMK Deputy General Director for Economics and Finance from 2005 to 2006, and, from 2000 to 2005, Director for Economics and Finance. From 1997 to 2000 worked as Deputy Director for Economics. Joined NLMK as a planning economist in 1985.

4. DMITRY BARANOV (1968)

Vice-President, Sales

Education: Graduated from the Moscow Aviation Institute and the Finance Academy under the Government of the Russian Federation.

Professional experience: Served as Sales Director at NLMK Trading House from 2004 to 2006. Between 2000 and 2004 worked as an expert in the Domestic Market Analysis Division at Rumelco, and later became head of the same division. Prior to that he served as a sales manager for a group of trading companies from 1999 to 2000.

5. ALEXANDER GORSHKOV (1961)

Vice-President, Head of Iron Ore Division

Education: Graduated from the Novosibirsk Electro-Technical Institute.

Professional experience: General Director of Stoilensky since 2004. From 2003 to 2004 worked as Deputy Director of the Lipetsk branch of Rumelco. From 1999 to 2003 served as General Director of Dolomit OJSC.

6. YURY LARIN (1952)

Vice-President, Development and Environment

Education: Graduate of the Voronezh Polytechnic Institute. Ph.D., Tech.

Professional experience: Vice-President for Technology and Environment, NLMK, from 2006 to 2007. Prior to that he was Director of the NLMK Engineering Centre from 1999 to 2006, and from 1996 to 1999 he worked as Deputy Director of NLMK's Central Laboratory in charge of technology.

7. ALEXANDER SAPRYKIN (1967)

Vice-President, Head of Coal Division

Education: Graduated from the Moscow Mining Institute.

Professional experience: From 2006 to 2007 served as Vice-President, Head of Iron Ore Division, NLMK. From 2002 until 2006 he headed the Raw Materials Market Department at Rumelco, and served as General Director of RUDPROM between 1998 and 2001. In 1997 and 1998 was General Director of VIZEL. Prior to that, he worked as chief specialist for Metallurg CJSC in 1996-1997.

8. STANISLAV TSYRLIN (1968)

Vice-President, HR and Management System

Education: Graduated from the Moscow Institute of Physics and Technology, Stanford University.

Professional experience: From 2004 to 2006 served as Director for Strategy and Management Systems at NLMK, having previously worked for Rumelco from 2003 to 2004. Prior to that he worked for the Boston Consulting Group from 1996 to 2003, serving initially as a consultant, then as a project manager before being appointed Deputy Director.

COMMITTED TO LEADING GOVERNANCE STANDARDS

NLMK secures the rights of shareholders to receive timely information on the Company's activities in an amount sufficient to enable them to make decisions on managing their shares, as well as to receive a part of the Company's net profits in the form of dividends.

As a public company, NLMK consistently strives to improve its standards of corporate governance, to improve management efficiency and to support the sustainability of its business model and long-term economic growth. By relying on the equal treatment of all shareholders, NLMK's system of corporate governance guarantees investment protection for its shareholders and investors.

NLMK ensures that its shareholders exercise their rights to participate in the management of the Company by participating in meetings, voting on agenda items, receiving timely information on the Group's activities, its governing and internal control bodies. NLMK secures the rights of shareholders to receive timely information on the Company's activities in an amount sufficient to enable them to make decisions on managing their shares, as well as to receive a part of the Company's net profits in the form of dividends.

CORPORATE GOVERNANCE PRINCIPLES

The following principles form the basis of the NLMK corporate governance framework, namely to:

- Seek to ensure effective and transparent arrangements to guarantee the rights and interests of shareholders;
- Provide equal treatment of all shareholders;
- Seek to provide shareholders with the opportunity to exercise their right to participate in the management of the Company;
- Observe the rights of third parties;
- Pursue a common corporate policy in respect of subsidiary companies, affiliates and other legal entities in which the Company is the founder, a participant or a member;

- Promote a policy of open and transparent communications;
- Adhere to a policy of complying with business ethics in conducting its operations; and
- Seek to comply with the applicable legislation and international corporate governance standards.

1. GOVERNANCE

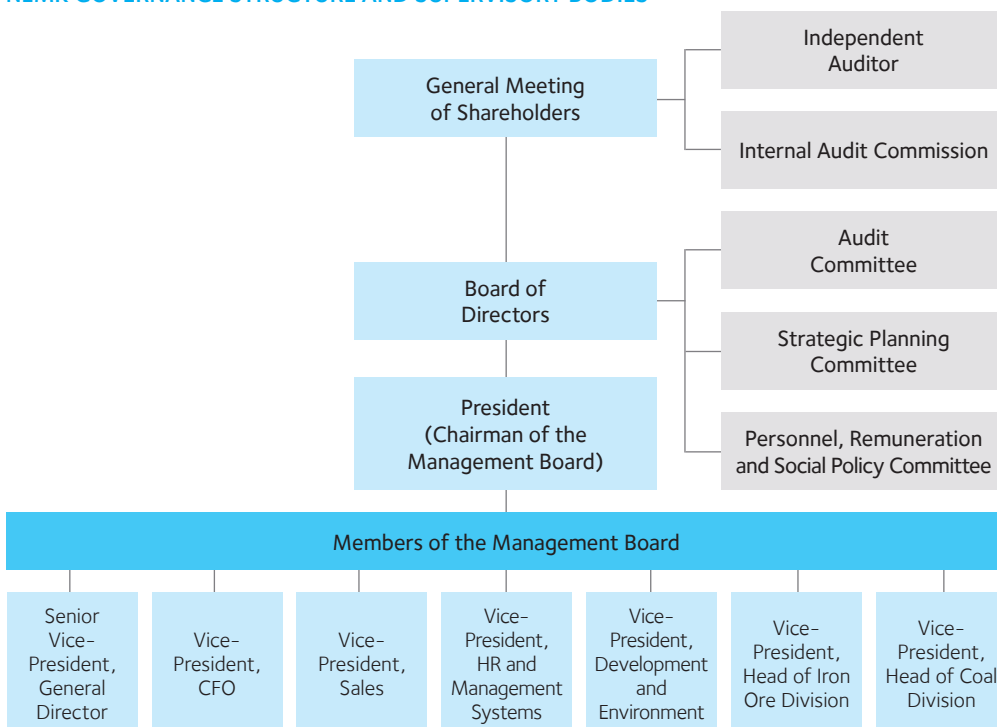
The governing authority of NLMK is the General Meeting of Shareholders. The Board of Directors takes responsibility for the overall operations of the Company and its long-term development

strategy. The executive bodies, the President (Chairman of the Management Board) and the Management Board manage the Company's day-to-day activities.

An Independent Auditor and the Internal Audit Commission supervise the financial and business activities of the Company. Financial statements are subject to mandatory audits in accordance with Russian law and the US Generally Accepted Auditing Standards.

The Group's governance structure and supervisory bodies are shown below:

NLMK GOVERNANCE STRUCTURE AND SUPERVISORY BODIES



BOARD OF DIRECTORS

The Board of Directors of NLMK represents the interests of the shareholders and this is one of the central elements in the corporate governance system of the Company. The Board of Directors exercises overall control of Company operations, defines its long-term development strategy and enforces effective oversight over the financial and operational activities.

It is a core objective of the Board of Directors to perform its governance functions in good faith and in a competent manner creating shareholder value, as well as safeguarding the rights of shareholders by providing them with the opportunity to exercise their rights.

Within its agreed areas of competence the Board of Directors decides on the following matters:

- Defines priority areas of operations;
- Convenes the Annual and Extraordinary General Meetings of Shareholders;
- Approves long-term plans and key programmes of Company activities, including the NLMK budget;
- Establishes the NLMK Management Board, determines its structure and composition, approves Management Board members, their early termination, suspends the powers of the President (Chairman of the Management Board), and appoints an acting President (Chairman of the Management Board);
- Advises the General Meeting of Shareholders on the size of dividends payable on shares and the arrangements for pay-out;
- Uses NLMK's reserve fund and other funds;
- Approves internal documents;
- Approves large transactions and transactions with related parties;

- Approves the appointment of the Company Registrar, approves terms of agreement with the Registrar, and terminates the agreement;
- Approves decisions with regard to the acquisition and disposal of holdings in other companies, setting up affiliates; and approves NLMK's participation in other companies if the value of the acquired (disposed) property exceeds 2% of NLMK's book value as of the last reporting date, excluding participation in financial industrial groups, associations, and other groupings of commercial entities;
- Establishes Board committees and approves their by-laws.

Directors are elected by cumulative voting during General Meetings of Shareholders for a term of office until the next Annual Meeting.

The Board meets on a regular basis at least six times a year. Meetings of the Board of Directors are convoked by the Chairman of the Board of Directors in accordance with the approved Annual Plan of Meetings.

Extraordinary Meetings of the Board may be convened by the Chairman of the Board at his own initiative, at the request of a Director, the Internal Audit Commission or External Auditor of the Company, its executive authority, as well as shareholders owning in aggregate more than 5% of voting stock.

Members of the Board receive information (materials) on issues included in the meeting. Decisions by the Board of Directors are approved by a simple majority of votes of Directors present and voting at the meeting, unless otherwise defined by the Charter and law. Every Director is entitled to one vote for the purposes of voting at Board Meetings.

 FOR MORE INFORMATION ON OUR DIRECTORS' BIOGRAPHIES

CHAIRMAN OF THE BOARD OF DIRECTORS

Mr Vladimir Lisin has been Chairman of NLMK's Board of Directors since 1998, and a BoD Member since 1996.

The Chairman of the Board of Directors is elected from among its members by a majority of votes.

The Chairman organises the work of the Board, convenes the Board Meetings and presides over them, arranges for keeping of minutes during meetings, and presides at the General Meetings of Shareholders, or delegates presiding authorities to a Member of the Board. The Chairman of the Board supervises the consideration of key issues, including NLMK's strategic plans and priority areas of development, and approval of transactions involving the acquisition of strategically important assets for the Group's development.

MEMBERS OF THE BOARD OF DIRECTORS

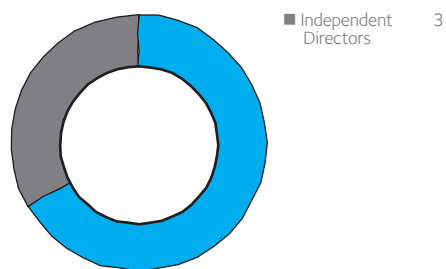
The Board of Directors comprises nine members. This body bases its decisions on the fair treatment of all shareholders. It ensures that shareholders can exercise their rights, and cannot be guided by the interests of one group of shareholders. The Board of Directors can include Executive Directors. Their number cannot exceed a quarter of the total amount of NLMK BoD members (there are currently no Executive Directors on the Board). In accordance with international corporate governance practices and the provisions of NLMK corporate instruments, Independent Directors have been elected to the Company Board of Directors since 2005.

Independent Directors have to be independent from NLMK's executives, their related parties, NLMK's large counteragents, and must not be involved with NLMK in any other way that could jeopardise the independence of their opinion. The criteria for Independent Directors have been defined in NLMK corporate by-laws and are in line with international corporate governance practices. At present three of the nine members of the Board are Independent Directors.

AS OF DECEMBER 31, 2011 THE NLMK BOARD OF DIRECTORS INCLUDES THE FOLLOWING DIRECTORS:

Name	Position	Years on the Board	Independent	Audit Committee	Strategic Planning Committee	Human Resources, Remuneration and Social Policies Committee
Vladimir Lisin	Chairman of the Board of Directors	15			✓	Chairman
Vladimir Skorokhodov	Deputy Chairman of the Board of Directors	15			✓	
Oleg Bagrin	Member of the Board	7		✓	Chairman	
Bruno Bolfo	Member of the Board	4	Yes		✓	
Helmut Wieser	Member of the Board	1	Yes		✓	
Nikolai Gagarin	Member of the Board	10				✓
Karl Doering	Member of the Board	5		✓	✓	
Karen Sarkisov	Member of the Board	2			✓	✓
Franz Struzl	Member of the Board	1	Yes	Chairman	✓	

BOARD COMPOSITION*



*We have a total of 9 Directors serving on our Board

The table below shows the attendance at Board meetings by members of the Board of Directors in 2011:

Board of Directors Member	Participation in meetings
Vladimir Lisin	10
Vladimir Skorokhodov	10
Oleg Bagrin	10
Bruno Bolfo	9
Helmut Wieser	5*
Nikolai Gagarin	9
Karl Doering	10
Karen Sarkisov	10
Franz Struzl	6*

* Helmut Wieser and Franz Struzl were elected to the Board of Directors at the Annual General Shareholders' Meeting on June 3, 2011.

The Company reimburses its Directors for any expenses incurred in connection with the performance of their functions, including the costs of soliciting the professional advice of experts on issues raised during Board of Directors meetings, and in connection with the translation into foreign languages of documents and/or materials supplied to the Directors for their consideration.

REMUNERATION AND COMPENSATION TO BOARD OF DIRECTORS MEMBERS IN 2011, US\$ million

Item	2011
Remuneration	1.8
Total paid to Board Members	1.9

Note: paid in 2011 calendar year

BOARD OF DIRECTORS COMMITTEES

For the purposes of handling certain aspects of NLMK Group business, and in accordance with the Board of Directors Regulations, the Board of Directors has established the following standing committees:

- Strategic Planning Committee;
- Audit Committee; and
- Human Resources, Remuneration and Social Policies Committee.

STRATEGIC PLANNING COMMITTEE

Oleg Bagrin,
Chairman of the Strategic
Planning Committee (since 2010)

Members*:

- Vladimir Lisin;
- Vladimir Skorokhodov;
- Karl Doering;
- Bruno Bolfo;
- Karen Sarkisov;
- Helmut Wieser (since June 2011); and
- Franz Struzl (since June 2011)

(All are members of the Board of Directors);

- Alexey Lapshin, NLMK President (Chairman of the Management Board)

*As of December 31, 2011

"Our strategy is aimed at sustaining the trust of our shareholders by delivering consistently high financial performance and transparent business principles."

2. EFFICIENCY

Board of Directors activities in 2011

In 2011 the NLMK Board of Directors held ten meetings (seven meetings were held in the form of absentee voting).

In 2011 the NLMK Board of Directors reviewed the following key issues:

- Proposals for the agenda of the Annual General Meeting of Shareholders;
- Convocation and holding of the General Meeting of NLMK Shareholders based on 2010 results and the Extraordinary General Meeting of Shareholders;
- Election of the Chairman of the Board of Directors and Deputy Chairman of the Board of Directors, appointment of the Corporate Secretary, establishment of Board committees;
- Participation of NLMK in other companies;
- Review and approval of NLMK internal instruments;
- Approval of decision to issue and sell bonds, approval of reports on issue results;
- Approval of budgets for NLMK and NLMK Group companies;
- Approval of transactions with related parties; and
- Approval of fee payable to NLMK External Auditor.

BOARD OF DIRECTORS' INVOLVEMENT IN RISK MANAGEMENT

The Board of Directors assesses strategic risks by identifying Company strengths, weaknesses, opportunities and threats, and approves internal control procedures used for risk management.

The Board also supervises compliance with these controls, reviews their effectiveness and encourages their improvement.

DIRECTORS' REMUNERATION AND COMPENSATION

Directors are entitled to remuneration, subject to performance of their duties in good faith. Any fees paid to remunerate any Director are dependent on the individual's personal participation in the activities of the Board of Directors.

Criteria for remunerating Directors and providing reimbursement of their expenses are defined in the NLMK Director Remuneration Policy – a revised version of which was approved by the Extraordinary General Meeting of Shareholders on 29.09.2011. Changes made to the Policy are aimed at improving the BoD remuneration system, based on best practices that take into account the level of involvement of individual members in BoD activities and the work of the Committees. For instance, remuneration for participation in the BoD was doubled; new items were added on bonuses for participating in the BoD committees.

Based on Company performance in a given fiscal year, the Annual General Meeting of Shareholders, acting on the advice of the Human Resources, Remuneration and Social Policies Committee, may decide to pay a bonus to each Director equal to within 0.1% of the NLMK Group net profits for the reported period, as determined in accordance with the Generally Accepted Accounting Principles (US GAAP). Directors who have failed to attend more than half of the Board of Directors Meetings during their tenure are not eligible to receive an annual performance bonus.

ROLE OF THE COMMITTEE

The Strategic Planning Committee drafts and submits recommendations to the Board regarding the Company's long-term development strategy, areas of activity and projects that ensure the achievement of strategic objectives.

PROGRESS IN 2011

In 2011 the Strategic Planning Committee held 9 meetings (2 in the form of absentee voting). The Committee continued its structured activities on updating the Group's long-term strategy that has to be finalised and presented to the Board of Directors in 2012. As part of these efforts, decisions on the following issues were made:

- The Group's product and regional development strategy;
- Areas of development for divisions, companies and operating units;
- Investment projects as part of the development areas.

AUDIT COMMITTEE

Franz Struzl,
Chairman of the
Audit Committee
(since June 2011)

Members*:

- Oleg Bagrin; and
- Karl Doering



*As of December 31, 2011

"It is a core objective of the Board of directors to perform its governance functions in good faith and in a competent manner creating shareholder value, as well as safeguarding the rights of shareholders by providing them with the opportunity to exercise their rights."

ROLE OF THE COMMITTEE

This Committee drafts and submits to the Board recommendations regarding the efficient supervision of the financial and business activities of the Company, including annual external audits of financial statements, the quality of services provided by the external auditor and compliance with the requirements for external auditor independence.

PROGRESS IN 2011

In 2011 the Audit Committee held four meetings. Decisions and implementation actions were approved on the following issues:

- Recommendations for the Annual General Meeting of Shareholders to approve NLMK's RAS financial (accounting) statements for 2010 developed and submitted to the Board of Directors;
- Draft auditor's report by the NLMK Group External Auditor with respect to NLMK Group's RAS financial (accounting) statements for 2010 developed and approved. Proposal submitted to NLMK's Board of Directors on the approval of the auditor's report as material for the Annual General Shareholders' Meeting;
- Proposal developed for NLMK's Board of Directors on recommendations for the Annual General Meeting of Shareholders regarding the NLMK's External Auditor for 2011 and their fees;
- Recommendations for the Annual General Meeting of Shareholders to approve NLMK's US GAAP condensed consolidated financial statements for 2010 developed and submitted to the Board of Directors;
- NLMK's US GAAP condensed consolidated interim financial statements for Q1, H1 and 9M of 2011 reviewed and approved;
- Proposals reviewed to accelerate the preparation of NLMK's US GAAP consolidated financial statements;
- Report on the activities of NLMK's Internal Audit Directorate in 2010 reviewed. Instructions given to NLMK management to improve the Company's internal control system in terms of identifying and preventing unethical practices, abuse and fraud on the part of the Group's employees and counteragents;
- Programme on financial risk management approved for 2011;
- Higher level of information disclosure in auditor fees approved.

HUMAN RESOURCES, REMUNERATION AND SOCIAL POLICIES COMMITTEE

Vladimir Lisin,
Chairman of the Human
Resources, Remuneration
and Social Policies
Committee (since 2010)

Members*:

- Nikolay Gagarin;
- Karen Sarkisov;
- Alexey Lapshin;
- Stanislav Tsyrlin; and
- Sergei Melnik



*As of December 31, 2011

"As head of the HR Committee of our Board of Directors, I personally attend to our personnel strategy. The Company's people are the key component of its success, and in turn, the Company's success has a direct impact on its employees, through professional training and career development, wage rises based on improved efficiency, and better working conditions."

Vladimir Lisin, Chairman of the Human Resources, Remuneration and Social Policies Committee

ROLE OF THE COMMITTEE

The primary purpose of the Human Resources, Remuneration and Social Policies Committee is the development of draft guidance regarding Company personnel policies and remuneration policies for officers of the Company executive authorities and members of the Internal Audit Commission. The Committee also reviews issues pertaining to company social policies, environmental safety and Federal and municipal government relations.

PROGRESS IN 2011

In 2011 the Human Resources, Remuneration and Social Policies Committee held five meetings (including 1 in the form of absentee voting) to discuss the following key issues:

- Implementation of a system to improve the operating efficiency at Novolipetsk;

- Development of a single end-to-end Personnel Training and Development Programme;
- Prospects for creating a professional standard for the sector on developing new education programmes that would reflect modern qualification requirements for steelmaking personnel;
- Proposals on nominees for Independent Directors of NLMK's Board of Directors;
- Proposals on amount of remuneration to members of NLMK's Board of Directors in 2010;
- Approval of nominees to the positions of Vice-President, Heads of key business units, General Directors of Affiliates.

- Dmitry Baranov, Vice-President, Sales.
- Alexander Gorshkov, Vice-President, Head of Iron Ore Division.
- Yury Larin, Vice-President, Development and Environment.
- Alexander Saprykin, Vice-President, Head of Coal Division.
- Stanislav Tsyrlin, Vice-President, HR and Management System.

84 FOR MORE INFORMATION ON OUR TOP MANAGERS' BIOGRAPHIES

MANAGEMENT BOARD ACTIVITIES IN 2011

In 2011 the Management Board held 38 meetings (ten of which were held in the form of absentee voting) to discuss the following key issues:

- Recommendations to the Board of Directors (on issues related to budget approval, approval of related party transactions, NLMK bond issue and placement), as well as to the management bodies of significant subsidiaries and affiliates;
- Review of NLMK's draft 2010 Annual Report and annual financial statements, including the profit and loss statement;
- Approval of draft resolutions on issues within the competence of the General Participants' Meeting in companies where NLMK is the sole participant;
- Participation by NLMK in tenders to acquire rights to use mineral resources;
- Company membership and termination of membership in other companies;
- Approval of the list of significant subsidiaries and affiliates;
- Progress of Phase 2 of the Technical Upgrade and Development Programme;
- Development and implementation of an Integrated Risk Management System;
- NLMK Group's consolidated financial results and consolidated budget execution.

The table below shows attendance at Management Board meetings by Members of the Management Board in 2011:

Management Board Member	Participation in meetings
Alexey Lapshin	38
Igor Anisimov	34
Galina Aglyamova	37
Dmitry Baranov	38
Alexander Gorshkov	38
Yury Larin	36
Alexander Saprykin	37
Stanislav Tsyrlin	34

REMUNERATION AND COMPENSATION TO MANAGEMENT BOARD MEMBERS

In accordance with the NLMK Management Board Regulations, Members of the Management Board are entitled to remuneration and reimbursement of expenses incurred in connection with the performance of their duties as members of the Management Board during their tenure.

The terms and conditions for remunerating Members of the Management Board are defined by contracts executed with the Management Board Members in accordance with the Regulations for Management Board Member Remuneration approved by the NLMK Board of Directors, acting on the advice of the Human Resources, Remuneration and Social Policies Committee. This remuneration is paid in cash.

REMUNERATION AND COMPENSATION PAID TO MANAGEMENT BOARD MEMBERS IN 2011, US\$ million

Item	2011
Total remuneration	5.8
Including base salary and bonuses	5.7
Other	0.6

Note: paid during the calendar year

COMPANY SHARES OWNED BY THE MANAGEMENT BOARD MEMBERS

Member of the Management Board	Ownership as at the end of December 2011
Alexey Lapshin	None
Galina Aglyamova	0,00017%
Igor Anisimov	0,0017%
Dmitry Baranov	None
Alexander Gorshkov	None
Yury Larin	0,00083%
Alexander Saprykin	None
Stanislav Tsyrlin	None

COMPANY POLICY ON RELATED PARTY TRANSACTIONS

This policy is aimed at mitigating the risks related to asset misuse by the Company's top management. At NLMK, related party transactions are approved in accordance with the provisions of the Joint-Stock Companies Federal Act and the Company Charter. The Company has designed an internal control system that monitors the compliance with the requirements applicable to related party transactions of NLMK and the procedures by which they are approved.

The mandate of the Management Board includes issuing advice to the NLMK Board of Directors regarding the approval of large and/or related party transactions submitted for the consideration of the Board of Directors in accordance with its competence.

MANAGEMENT BOARD

The President (Chairman of the Management Board) manages the day-to-day activities of the Company as the sole executive authority while the Management Board act as the plural executive authority.

The Management Board is guided by the following principles:

- Prompt and objective decision-making in the interests of the Company and its shareholders;
- Fair, prompt and effective implementation of decisions approved by the General Meeting of Shareholders and the Board of Directors of the Company;
- Liaison with trade union organisations in order to account for the interests of employees; and
- Cooperation with the Federal Government authorities and local authorities in matters of utmost importance for the public.

MEMBERS OF THE MANAGEMENT BOARD

The structure and membership of the Management Board are approved by the Board of Directors of NLMK Group and take account of the opinion of the President (Chairman of the Management Board). Individual members of the Management Board are nominated by the President and approved by the Board of Directors.

The President is elected at the General Meeting of Shareholders and serves until the next Annual General Meeting, unless otherwise determined by the General Meeting of Shareholders. Mr Alexey Lapshin has been President of NLMK since 2006. He was re-elected for a new term on June 3, 2011.

As of December 31, 2011, the Management Board also includes:

- Igor Anisimov, Deputy Chairman of the Management Board, Senior Vice-President, General Director.
- Galina Aglyamova, Vice-President, CFO.

SHAREHOLDER RELATIONS/DISCLOSURES

The Company's external relations are guided by its information policy, which is consistent with best international practice applicable to shareholder and potential investor relations.

The main principles of the Company's Information Policy are regularity, efficiency, availability, reliability, completeness, balance, equality and safety of information resources.

The Company maintains a Corporate Secretary, who is responsible for safeguarding the rights and interests of shareholders, including the establishment of effective and transparent arrangements for securing the rights of shareholders. The Corporate Secretary's responsibilities include securing compliance by the Company, its management bodies and officers with the law and the Company's Charter and internal documents. The Corporate Secretary organises the communication process between the parties to corporate relations, including the preparation and holding of General Meetings and meetings of the Company's Board of Directors; storage, maintenance and dissemination of information about the Company and reviewing communications from shareholders.



Publications

NLMK remains among the most transparent companies in the industry, regularly publishing its operating and financial results, including US GAAP financial statements.

NLMK's goal is to comply with the best international information disclosure and corporate reporting practices, improving its investment appeal.

The Company has also developed an Investor and Shareholder Relations Programme, managed by the Director of External Relations. Members of the Board of Directors and top managers participate in regular meetings with our existing and potential investors, during the course of which NLMK representatives inform them of the Company's strategic areas of development, in addition to taking into account shareholders' opinions on key strategic matters when making important decisions.

The IR Department interacts with the investor community on a regular basis, reporting on the most important matters to NLMK's top management. The IR team maintains a continuous dialogue with the investor community by arranging teleconferences to discuss the Company's financial performance, one-on-one meetings and participation in international conferences. The Company also organises regular visits to its production facilities thus providing investors with an opportunity to see the Company's production assets first-hand and to meet top management.

THE ANNUAL GENERAL MEETING

Shareholders of NLMK, being the owners of the shares, have a set of rights exercised both by shareholders and through their proxies by means of participation in the work of general meetings with the right to vote on all issues referred to the competence of the said meetings.

The AGM reviews issues on the election of the Board of Directors, the President (Chairman of the Management Board), the Audit Commission, approval of the Auditor of the Company, approval of annual reports, the distribution of Company's profits, as well as other issues within the competence of the AGM. Shareholder meetings held besides the AGM are extraordinary.

The Annual Meeting of NLMK Shareholders for FY2010 was held on June 3, 2011 to discuss the following items:

- Election of the Company's managing and supervisory authorities;
- Approval of restated internal instruments;
- Approval of the 2010 NLMK Annual Report;
- Declaration of dividends for 2010;
- Approval of PricewaterhouseCoopers Audit as NLMK's external auditor; and
- Payment of compensation to members of the NLMK Board of Directors.

Extraordinary General Meetings of Shareholders are convened by a decision of the Board of Directors at its own initiative, at the request of the Internal Audit Commission or the External Auditor of the Company, or at the request of one or more shareholders who own at least 10% of voting stock as of the day on which the request to convene an extraordinary meeting is made.

The Extraordinary General Meeting of NLMK Shareholders held on September 29, 2011 approved the payment of dividends for the first semester of 2011 and the restated internal instruments.

SUPERVISORY AUTHORITIES: INTERNAL AUDIT COMMISSION AND EXTERNAL AUDITORS

Internal Audit Commission

The Internal Audit Commission is a full-time internal control authority exercising continuous supervision over the financial and business activities of the Company in order to obtain adequate assurance that Company operations comply with applicable Russian Federation laws and do not infringe upon the rights of Company shareholders, and that the Company reports and accounts contain no material misstatements.

The Internal Audit Commission acts in the interests of the shareholders and is elected by the General Meeting of Shareholders for a term of one year. The report of the Internal Audit Commission is an integral part of the NLMK Group RAS financial statements. The Internal Audit Commission acts in the interests of the shareholders and reports to the General Meeting of Shareholders.

The incumbent Internal Audit Commission was elected by the General Meeting of Shareholders on June 3, 2011 and includes the following members:

- Liudmila Kladienko,
- Valery Kulikov, Chairman
- Sergey Nesmeyanov,
- Larissa Ovsyannikova, and
- Galina Shipilova.

External auditors

The General Meeting of Shareholders of NLMK appoints an external auditor on an annual basis to review the financial and operating performance of the Company. The Audit Committee drafts proposals for the Board of Directors regarding the nomination of the external auditor of the Company, selected from a list of recognised independent auditors of high professional repute.

While drafting its proposals, the Audit Committee is guided by the following principles:

- Qualifications of the external auditor and their professional reputation;
- Quality of services; and
- Compliance with requirements for external auditor independence.

In 2011 the Annual General Meeting of Shareholders of NLMK approved ZAO PricewaterhouseCoopers Audit as the External Auditor for the purposes of auditing NLMK's RAS and US GAAP financial statements.