



**NOVOLIPETSK STEEL**

**APPROVED**

by the General Shareholders' Meeting  
of Novolipetsk Steel

Minutes of Meeting No. 52  
of 21 December 2018

**REGULATIONS  
ON THE MANAGEMENT BOARD**

of Novolipetsk Steel  
(revised)

Lipetsk  
2018

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These Regulations have been elaborated in accordance with the Civil Code of the Russian Federation, Federal Law “On Joint-Stock Companies” and the Charter of Novolipetsk Steel (hereinafter “the Company”) and govern the procedure of the Company’s Management Board operation.

### **Article 1. General provisions**

1.1. The Management Board is a collective executive body of the Company and acts in accordance with the Charter of the Company and these Regulations approved by the General Shareholders’ Meeting.

The exclusive competence of the Management Board shall be determined by the Company’s Charter and these Regulations.

1.2. The Company’s President shall be the Chairman of the Management Board.

1.3. The activities of the Management Board are governed by the laws of the Russian Federation, the Charter of the Company, these Regulations and resolutions of the General Shareholders’ Meeting and the Board of Directors.

### **Article 2. Objectives and principles of the Management Board**

2.1. The main objective of the Management Board is to ensure that the Company is operating efficiently.

2.2. In order to reach its objective, the Management Board is guided by the following principles:

- Efficient and objective decision-making that favours the interests of the Company and its shareholders.
- Fair, timely and efficient execution of the decisions of the General Shareholders’ Meeting and the Board of Directors.
- Cooperation with trade unions of the Company’s employees with the purpose of taking into account the employees’ interests.
- Cooperation with government agencies and local authorities on the most important issues.

### **Article 3. Competence of the Management Board**

The exclusive competence of the Company’s Management Board includes:

- 3.1. Devising and conceptualizing the developmental steps, long-term plans and core areas of activity for the Company (including legal entities whose stock or interest is directly or indirectly controlled by the Company) and submitting them to the Board of Directors for approval.
- 3.2. Developing modes of interaction between the Company and legal entities, whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a founder, participant or member.
- 3.3. Approving proposals concerning the agenda of the General Shareholders’/Participants’ Meetings and the list of nominees to the governing and control bodies of legal entities, whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a founder, participant or member.
- 3.4. Approving the Company’s representatives for participation in the General Shareholders’/Participants’ Meetings held at legal entities, whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a founder, participant or member, as well as approving guidelines for voting on agenda items for such representatives.
- 3.5. Giving recommendations and opinions on issues concerning the approval of budgets, key development trends, governance structure and other critical issues, which are considered by the governing bodies of legal entities, whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a founder, participant or member.

- 3.6. Giving recommendations and opinion on issues concerning the approval or subsequent approval of major transactions and/or interested-party transactions submitted for review by the Board of Directors in accordance with its powers.
- 3.7. Approving transactions involving the Company's assets in cases where the value of the deal or property in question exceeds 10 % of the Company's asset book value as of the last reporting date (with the exception of transactions in the ordinary course of business).
- 3.8. Deciding on Company participation or termination of participation in other organizations in cases where the value of the acquired (disposed) property is less than 2% of the Company's asset book value as of the last reporting date (with the exception of organizations, resolutions on which the Charter refers to the competence of the General Shareholders' Meeting or the Board of Directors).
- 3.9. Setting up and dissolving the Company's branches and representative offices, as well as approving, revising and amending regulations on branches and representative offices.
- 3.10. Other issues referred to the competence of the Management Board of the Company by the applicable legislation of the Russian Federation, the Company's Charter and these Regulations.

The powers specified in Clauses 3.1-3.5 above are exercised by the Management Board with respect to significant legal entities, whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a founder, participant or member. The materiality criteria shall be set by the Company's Board of Directors.

#### **Article 4. Members of the Management Board and its establishment procedure**

- 4.1. The Management Board shall be established in accordance with the Company's Charter.

The structure and composition of the Management Board are approved by the Company's Board of Directors taking into account the opinion of the President (Chairman of the Management Board).

The members of the Management Board are approved by the Board of Directors based on recommendations from the President (Chairman of the Management Board). If the Board of Directors rejects the candidates proposed by the President (Chairman of the Management Board), the latter shall be entitled to propose the names of candidates to the Management Board one more time. The Board of Directors is entitled to approve other persons as members of the Management Board independently, if the candidates proposed by the President (Chairman of the Management Board) were rejected twice.
- 4.2. The President (the Chairman of the Management Board) shall organize the Management Board's activities and ensure timely decision-making by the Management Board.
- 4.3. Members of the Management Board with the right of advisory vote with regard to the issues to be considered by the Management Board may be members of the Management Board.
- 4.4. The Secretariat may be set up to support the operation of the Management Board. The head of the Secretariat shall appoint a secretary to keep minutes of the Management Board meetings.
- 4.5. Members of the Management Board shall exercise their powers until the new Management Board structure is approved and/or the composition of the Management Board is changed.
- 4.6. A contract with each member of the Management Board shall be signed by the Chairman of the Board of Directors or by a person authorized by the Board of Directors, acting on behalf of the Company, and can be terminated at any time by resolution of the Board of Directors, subject to applicable laws of the Russian Federation.
- 4.7. Members of the Management Board may not be members of the Company's Counting Commission.

## **Article 5. Procedures for meetings and decision-making by the Management Board**

5.1. The Management Board shall conduct its meetings as the need arises. The Management Board meetings shall be summoned by the President (Chairman of the Management Board) at his own initiative, at the request of a member of the Management Board and at the initiative of the Company's Board of Directors or Auditor.

President (Chairman of the Management Board) shall summon and conduct the Management Board meeting within 10 days from the moment of receipt of the corresponding request.

5.2. The agenda of the forthcoming meeting of the Management Board shall be approved by the President (Chairman of the Management Board). The draft agenda of the Management Board meeting shall be prepared by the Management Board Secretariat taking into account the proposals from members of the Management Board.

5.3. Members of the Management Board shall be notified by the Secretariat on the venue, date and time of the Management Board meeting as well as its agenda three calendar days before the date of the respective meeting at the latest. The Management Board meetings shall be conducted at the venue determined by the person requesting to convene the meeting.

5.4. Members of the Management Board may review the information (materials) on the items included in the agenda submitted by the Secretariat of the Management Board before the scheduled meeting.

5.5. The quorum for the meeting of the Management Board is at least half of members of the Management Board. The Management Board members present at the meeting and those who have submitted to the President (Chairman of the Management Board) their written opinions on the agenda items prior to the meeting shall be taken into account when determining the quorum for the meeting. An advisory vote of a Management Board member shall be considered neither when passing resolutions by the Company's Management Board, nor when determining the quorum.

5.6. The President (Chairman of the Management Board) chairs the meetings. In the absence of the President (Chairman of the Management Board) one of members of the Management Board shall chair the meeting in accordance with the resolution passed by the Management Board.

5.7. Each member of the Management Board shall have one vote for the purposes of passing resolutions at the meetings of the Management Board. Transfer of a vote by a member of the Management Board to another person, including a member of the Management Board, is not allowed. Resolutions at the meetings of the Management Board shall be passed by a majority of votes (more than a half of the members present at the meeting).

The vote of the person presiding at the meeting of the Management Board is the casting vote in case of equal number of votes of members of the Management Board.

5.8. Members of the Management Board shall be present at the meetings of the Management Board. In case a member of the Management Board is unable to participate in the meeting of the Management Board, such member shall give the appropriate notice to the President (Chairman of the Management Board) prior to the meeting.

5.9. Voting shall be open, by voting ballots. The opinion of each member of the Management Board present at the meeting shall be reflected in the minutes of the Management Board meeting. In case some members of the Management Board are not present at the meeting, absent members may participate in the voting by submitting their written opinions on the items on the Management Board agenda (by poll).

5.10. The Secretary of the Management Board meeting shall keep the minutes of meetings. Minutes of the Management Board meetings shall be drafted within 3 working days from the date of such meeting or the deadline for receipt of ballots, if the resolution of the Management Board is to be

passed by absentee voting.

Meeting minutes shall include:

- Venue and date of the meeting.
- Persons participating in the meeting (either personally present, or those who submitted their written opinions as per the procedure outlined herein).
- Meeting agenda.
- Issues put to the vote and the results of voting upon such issues.
- Resolutions passed.

The minutes of the Management Board meetings shall be signed by a person presiding at the meeting, who is responsible for correctness of the minutes, and certified by the Secretary of the Management Board meeting.

- 5.11. Voting ballots on the agenda items, written opinions of members of the Management Board and other documents received in accordance with the procedure stipulated in these Regulations, shall be enclosed to and/or filed with the minutes of the Management Board.
- 5.12. Minutes of the Management Board meeting shall be kept at the principal office of the Company according to the procedure and within the terms stipulated in the applicable legislation of the Russian Federation.
- 5.13. Resolutions of the Management Board may be passed by absentee voting (by poll). The resolution on holding an absentee voting shall be passed by the Chairman of the Management Board. Voting ballots and other information (materials) shall be sent to members of the Management Board by e-mail not later than 1 day ahead of the ballot acceptance date. Delivery of ballots and information (materials), as well as acceptance of the voting ballots shall be done by the Secretariat of the Management Board at the place and as per the procedure and terms stipulated in the resolution of the President (Chairman of the Management Board) on absentee voting.
- 5.14. Those Management Board members whose ballots have been submitted at the ballot acceptance desk ahead of the specified deadline for the voting ballots acceptance shall be deemed participants of voting by poll.

**Article 6. Requirements to members of the Management Board. Responsibility of members of the Management Board**

- 6.1. Members of the Management Board shall act in the interests of the Company and perform their duties and exercise their rights in respect of the Company reasonably and in good faith.
- 6.2. Members of the Management Board within 2 months from the date they learned or should have learned of the circumstances qualifying them as an interested party to the Company's transactions, shall notify the Company of:
  - Legal entities, where they, their spouses, parents, children, full- and half-blood siblings, adoptive parents and adopted children and (or) entities controlled by them are controlling persons or are entitled to issue mandatory instructions.
  - Legal entities, in whose governance bodies they, their spouses, parents, children, full- and half-blood siblings, adoptive parents and adopted children and (or) entities controlled by them hold positions,
  - Actual or intended transactions of the Company where they may be considered interested parties.
- 6.3. Members of the Management Board, while holding such a position, have no right to participate in

competitive organizations of the Company.

- 6.4. Overlapping of the position of the Management Board members with managerial positions in other organizations shall be allowed only upon the consent of the Company's Board of Directors.
- 6.5. Performance of any work by a member of the Management Board under a labour and/or civil contract in another organization shall be allowed only upon the consent of the Management Board.
- 6.6. Members of the Management Board shall inform the Board of Directors of the Company of the Company's securities held by them and sale and/or purchase thereof.
- 6.7. Members of the Management Board bear full material responsibility for direct actual loss and recover damages incurred by the Company due to their guilty actions (failure to act).

In this case, members of the Management Board who voted against the resolution, which caused such damages to the Company or did not participate in that voting, shall not be held responsible before the Company.

In case several members of the Company's Management Board are responsible before the Company, they shall bear joint responsibility.

Members of the Management Board shall be subject to disciplinary liability for actions or failure to act, which caused damage to the Company through their failure to perform their duties.

Prosecution of the President (Chairman of the Management Board) or members of the Management Board is subject to the Board of Directors' decision.

- 6.8. The President (Chairman of the Management Board) of the Company and members of the Company's Management Board shall promptly provide complete and reliable information upon request of members of the Board of Directors regarding the items on the agenda of the Board of Directors meeting. In this case, the information requested shall be provided to the Corporate Secretary to be announced by him to the member of the Board of Directors who has applied with such request.

#### **Article 7. Remuneration of members of the Management Board and reimbursement of expenses incurred by them in performing their duties**

- 7.1. Members of the Company's Management Board are paid remuneration and reimbursed expenses related to performance of their functions as members of the Management Board during the performance of their functions.
- 7.2. The rights, obligations, responsibilities of the parties and social guarantees for Management Board members shall be determined by the internal corporate documents and the contract concluded between the Company and Management Board members.

#### **Article 8. Approval and amendments of the Regulations on the Management Board**

- 8.1. These Regulations are binding for all members of the Management Board, any new revisions, amendments and/or additions hereto are subject to approval by the General Shareholders' Meeting in accordance with the Federal Law "On Joint-Stock Companies".
- 8.2. In case certain provisions of these Regulations become contradicting to any amendments made to any applicable legislation of the Russian Federation, such provisions of the Regulations shall become null and void; in this case, members of the Management Board shall act in accordance with the applicable legislation of the Russian Federation until these Regulations are amended.