



**NOVOLIPETSK STEEL**

**APPROVED**

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

Minutes of Meeting No. 266  
dd. 24 October 2019

**REGULATIONS  
ON STRATEGIC PLANNING COMMITTEE**

Novolipetsk Steel  
(revised)

Lipetsk  
2019

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## **CHAPTER 1. GENERAL PROVISIONS**

These Regulations on NLMK's Strategic Planning 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 Strategic Planning Committee reports to the Board of Directors of the Company and is a consulting body thereof.

## **CHAPTER 2. PURPOSES, OBJECTIVES AND FUNCTIONS OF THE STRATEGIC PLANNING COMMITTEE**

2.1. The main purpose of the Committee is the development and submission of recommendations to the Board of Directors on long-term efficiency improvements, on growing the Company's asset base, and on increasing its profitability and investment appeal.

2.2. The main objectives of the Committee are:

2.2.1. To provide consulting support required by the Board of Directors for:

- Setting strategic objectives aimed at the long-term development of the Company;
- Developing initiatives aimed at increasing the Company's profitability and its investment appeal;
- Coordinating the activities of the Company's structural units and the Board of Directors with regard to strategic planning.

2.2.2. To exercise control over the execution of resolutions adopted by the Board of Directors with regard to determining priority directions for business development and strategic planning.

2.2.3. To assess the Company's investor and shareholder relations policy.

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:

- Determine strategic objectives of the business; control implementation of its strategy; develop recommendations to the Board of Directors on adjusting the Company's current development strategy;
- Develop priority business directions, including those aimed at increasing the Company's profitability and its investment appeal;
- Develop recommendations on the Company's dividend policy;
- Assess Company's long-term operational efficiency;
- Review and develop recommendations on the Company's participation in other organizations (including direct and indirect purchasing and disposal of shares in authorized capitals of organizations, encumbrance of shares, stakes);
- Evaluate voluntary and mandatory proposals on purchasing Company securities;

- Review the financial model and business value assessment model of the Company and its business units;
- Review issues related to the reorganization and liquidation of the Company and controlled companies thereof;
- Review issues related to modifying the organizational structure of the Company and controlled companies thereof;
- Review issues related to the reorganization of the Company's business processes and controlled companies thereof;
- Identify objectives in the area of minimizing the environmental impact, including greenhouse gas emissions, review and approval of the relevant investment programme.

### **CHAPTER 3. COMPOSITION OF THE STRATEGIC PLANNING 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 remains in office for the duration of the Company's Board of Directors term of office until a new Board is elected.
- 3.5. Committee members shall be professionally trained, knowledgeable and experienced in the areas of 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.
- 3.6. If necessary, experts and consultants can be involved in the operation of the Committee on a temporary or permanent basis, with no right to vote on issues that fall within the competence of the Committee.
- 3.7. The Committee shall be presided by the Committee Chairman whose main task is to ensure objectivity when developing Committee recommendations to the Board of Directors of the Company.
- 3.8. 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 (programs, memoranda, etc.) to the Board of Directors of the Company on behalf of the Committee;

- Maintain regular communication with the Management Board members, the President (Chairman of the Management Board), Corporate Secretary and other key Company officials;
- 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 STRATEGIC PLANNING COMMITTEE MEETINGS**

- 4.1. The first meeting of the new Committee shall be held within 30 working days from the date of the meeting of the new Board of Directors at which the Chairman 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. Decision on the convocation of the Committee meetings; the date, time and venue of such meetings, the agenda and the list of persons invited to the meeting shall be made by the Chairman of the Committee.
- 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. 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 the Committee meeting shall include: 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 STRATEGIC PLANNING COMMITTEE MEMBERS**

- 5.1. The Committee shall submit annual reports on the results of its activities to the Company's Board of Directors no later than 90 days after the closing 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 legislation, the Charter and other internal documents of the Company.

## **CHAPTER 6. PROCEDURE FOR APPROVAL AND AMENDMENT OF THESE REGULATIONS**

- 6.1. The present Regulations, as well as all the additions and amendments thereof shall be approved 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 & 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.