

**APPROVED
CEO, OAO TMK**

A. Shiryaev

_____ 2011

**REGULATION
ON THE COMPLIANCE RISK MANAGEMENT COMMITTEE,
OAO TMK**

Revision _0_

Reg. No. НД-0204/2011

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1. GENERAL PROVISIONS

- 1.1. This Regulation on the Compliance Risk Management Committee, OAO TMK (hereinafter, the Regulation) is a main document that regulates the activity of the Compliance Risk Management Committee (hereinafter, the Committee), OAO TMK (hereinafter, the Company) and determines the matters of the making-up of its composition, authorities and functioning.
- 1.2. The Committee is a collegial advisory body under the CEO of the Company.
- 1.3. The purpose of the Committee is to reduce compliance risks of the Company in coordination with the Risk Management Committee.
- 1.4. The Committee shall be guided by:
 - The current legislation of the Russian Federation and other regulations;
 - Articles of Association of the Company;
 - Decisions of the Board of Directors of the Company;
 - Internal regulatory documents of the Company;
 - This Regulation;
 - Decisions of the Committee.
- 1.5. The Committee is chaired by Deputy CEO for Security of the Company - Head of Economic Security.
- 1.6. The Committee's decisions are implemented through administrative orders and other directives by the Company;
- 1.7. The work of the Committee is based on the Economic Security Service, Directorate of Legal Support, Internal Audit Service, Directorate for Personnel and Social Policy and other relevant departments of the Company.
- 1.8. The definitions and terms used in this Regulation are listed in Annex 1.

2. MAIN OBJECTIVES OF THE COMMITTEE

- 2.1. The main objectives of the Committee are:
 - Organize a compliance system within a single risk management policy of the Company;
 - Coordinate the units of the Company to ensure the requirements of the legislation in the field of anti-corruption, recommendations of international organizations in combating the legalization (laundering) of proceeds from crime and financing of terrorism, in accordance with the corporate values and strategy of development of the Company;
 - Identify and assess compliance risks that could adversely affect the operating results of the Company;
 - Develop and ensure the implementation of measures to prevent, identify and eliminate compliance risks;
 - Coordinate the interaction of units of the Company in the management of compliance risks;
 - Monitor the implementation of the compliance function in carrying out the tasks assigned to the units of the Company;
 - Create a compliance risk notification system within the Company and regularly evaluate the effectiveness of its use in corporate governance;
 - Review compliance risks by collecting, analyzing and evaluating information from units of the Company;
 - Develop and implement the basic principles of compliance culture;

- Initiate training for employees of the Company for the purpose of acquisition of knowledge and skills for the early identification of compliance risks, implementation of the compliance function, as well as carrying out other activities aimed at developing the compliance culture.

3. COMPOSITION OF THE COMPLIANCE RISK MANAGEMENT COMMITTEE

- 3.1. The composition of the Committee is determined by the CEO of the Company and may be amended by their decision.
- 3.2. The Chairperson of the Committee shall appoint a deputy from among the members of the Committee.
- 3.3. In the absence of the Chairperson, their deputy shall be in charge of the organizing and coordinating of the work of the Committee.
- 3.4. The CEO shall issue an order to appoint a secretary of the Committee from among the staff of the Company (hereinafter, the Secretary) who shall:
 - Be responsible for the agenda of the meeting of the Committee, timely notification of the Committee members and speakers of the content of the agenda;
 - Collect, print out and distribute to the members of the Committee the data submitted to the meeting of the Committee;
 - Attend meetings of the Committee, prepare minutes of the meeting of the Committee;
 - Ensure timely submission of extracts from the minutes of the meetings of the Committee to corresponding units and persons in charge;
 - Supervise the execution of decisions taken by the Committee in a timely manner; shall have the right to request and receive from the persons in charge information on the status of the Committee's decisions, and communicate information on the status of decisions of the Committee to the Chairperson.
- 3.5. The Committee may decide to involve experts in its activities, such as other officers of the Company and its subsidiaries, as well as third-party organizations and specialists.
- 3.6. Early termination of the duties of the members of the Committee shall be based on:
 - Personal application of the member of the Committee;
 - Decision of the CEO of the Company on the exclusion of the member from the Committee;
 - Dismissal of the employee from the Company.

4. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE COMMITTEE

- 4.1. Members of the Committee shall have the right to:
 - make proposals for the adoption of measures aimed at the implementation and development of the compliance system within the Company;
 - request and receive, with the approval of the Chairperson of the Committee and through the Secretary of the Committee, any additional financial, technical and economic information from units of the Company related to the process of regulation of compliance risks;

- make proposals to convene an extraordinary meeting of the Committee; and
 - make proposals to amend this Regulation.
- 4.2. Members of the Committee shall be obliged to:
- thoroughly and fully participate in the work of the Committee;
 - timely and efficiently implement decisions and orders adopted at the meeting of the Committee;
 - consider and give opinions on issues of the agenda of the Committee;
 - protect the confidentiality of information submitted to the Committee meetings.

5. RULES OF PROCEDURE OF THE COMMITTEE

- 5.1. Meetings of the Committee shall be held in accordance with the work plan approved by the CEO as the questions become available for consideration, but at least once every six months.
- 5.2. In the event of a possible threat to the implementation of compliance risks, or significant changes in the internal and external environment of the Company, the Chairperson may decide to hold emergency meetings of the Committee the procedure for the preparation and conduct of which shall be determined by the Chairman.
- 5.3. The Committee meetings shall be held either in person or by written survey of the members of the Committee. The meetings of the Committee may be held with the use of means of communication to ensure the participation through telephone and video conferences. Persons invited to attend the meeting may submit their views on the agenda in writing.
- 5.4. The initiators of questions (hereinafter, the Initiators) to be considered at the meetings of the Committee are:
- Members of the Board of Directors;
 - CEO;
 - Members of the Management Board;
 - Chairperson of the Committee;
 - Members of the Committee; and
 - Directors of the TMK Group companies.
- 5.5. Based on the proposals received from the Initiators, not later than ten working days in advance, the Chairperson determines agenda, venue, date and time of the Committee meeting, while the Secretary shall inform in writing all participants of the meeting.
- 5.6. Not later than 5 working days prior to the meeting of the Committee, the Initiators shall provide the Secretary with the data on the issues submitted to the meeting of the Committee. The data package shall include: information note, accompanying documents, and proposals to address the issue.
- 5.7. The Initiator is responsible for the completeness, quality and timeliness of data.
- 5.8. In case of breach of the procedure of presentation of the documents (failure to meet the dates for submission of data, lack of necessary documents, etc.), the Secretary

shall inform the Chairperson, and the question may be excluded from consideration.

- 5.9. Final agenda of the meeting of the Committee and data on the questions shall be communicated by the Secretary to all members and participants of the meeting no later than 3 working days prior to the meeting of the Committee.
- 5.10. The meeting of the Committee shall be considered valid if the quorum of the meeting is observed - the presence of at least half the members of the Committee.
- 5.11. The absence of the Committee members at the meeting is possible only with the prior permission of the Chairperson.
- 5.12. Decisions on matters to be considered by the Committee shall be taken by a vote.
- 5.13. The Committee's decision shall be deemed adopted if it receives a simple majority of those present at the meeting of the Committee. In case of equality of votes, the Chairman's vote shall be decisive.
- 5.14. Decisions of the Committee shall be put down in the minutes of the meeting of the Committee signed by the Chairman. The Secretary of the Committee shall finalize the minutes no later than 3 days following the date of the meeting.
- 5.15. The Chairperson of the Committee shall semiannually submit a report on the results of the Committee's activities to the CEO.

6. FINAL PROVISIONS

- 6.1. This Regulation shall be approved by the CEO of the Company.
- 6.2. Any amendments to this Regulation shall be made in writing and approved by the CEO of the Company.
- 6.3. All information about the activities and decisions of the Committee shall be kept by the Secretary of the Committee.