

ADOPTED BY
The Board of Directors of
PAO “TMK”
Minutes №9 dated 15 September, 2016

REGULATIONS OF THE COMMITTEE FOR NOMINATIONS AND
REMUNERATION OF THE BOARD OF DIRECTORS OF
PAO “TMK”
(new version)

Moscow

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1. General provisions

- 1.1. The present Regulations of the Committee for nominations and remuneration (hereinafter referred to as the "Regulations") is the principal document which regulates the activity of the Committee for nominations and remuneration of the Board of Directors of PAO "TMK" (hereinafter referred to as the "Committee") and determines its competence.
The Regulations is developed in accordance with the current legislation of the Russian Federation, Corporate governance Code of the Russian Federation, listing rules of those stock exchanges on which the securities of PAO "TMK" are listed, the Articles of Association of PAO "TMK", the Regulations of the Board of Directors of PAO "TMK", Corporate governance code and other internal documents of PAO "TMK".
- 1.2. The Committee is an auxiliary body of the Board of Directors established for the preliminary revision and discussion of matters, which fall under the competence of the Board of Directors in accordance with the Articles of Association of PAO "TMK" (hereinafter referred to as the "Company"). The Committee is not a body of the Company, the Committee does not undertake any civil rights and obligations.
- 1.3. In its activity the Committee is governed by the current legislation of the Russian Federation, the Articles of Association of the Company, the Regulations of the Board of Directors of the Company and the present Regulations.
- 1.4. In its activity the Committee is subordinated to the Board of Directors of the Company.

2. Purpose of establishment, main objectives and competence of the Committee

- 2.1. The principal purpose of establishment of the Committee is the increase of efficiency and quality of the performance of the Board of Directors by way of a preliminary revision and discussion of various matters which fall under the competence of the Board of Directors and which relate to the development of the efficient practices for remuneration, as well the matters related to development of the staff policy, occupational structure and efficiency of the functioning of the Board of Directors, and preparation of recommendations to the Board of Directors on matters falling under its competence.
- 2.2. The Committee performs functions of the committee for remuneration and the committee for nominations (appointments) in accordance with the Corporate governance code. The main tasks of the Committee, its duties and functions are:
 - 2.2.1. Development and periodic update of the policy of the Company for remuneration of the members of the Board of Directors and executive bodies of the Company;
 - 2.2.2. Supervision of launching and implementation of the policy of the Company for remuneration of the members of the Board of Directors and executive bodies of the Company;
 - 2.2.3. Preliminary performance evaluation of the executive bodies of the Company as of the results of a year in accordance with the policy of the Company for remuneration;
 - 2.2.4. Development of terms for early termination of employment contracts with the members of the executive bodies of the Company, including all financial obligations of the Company and conditions of their granting;
 - 2.2.5. Preparation of recommendations to the Board of Directors for determination of remuneration and principles of bonus award of the Corporate secretary of the Company (employees of the structural unit which performs functions of the Corporate secretary);

- 2.2.6. Annual detailed self-evaluation or external performance evaluation of the Board of Directors and its members, as well as the committees of the Board of Directors, determination of the priority directions for strengthening of the composition of the Board of Directors;
 - 2.2.7. Planning of staff changes, taking into account the succession of the activity, changes of members of the executive bodies, as well as preparation of recommendations to the Board of Directors in respect of candidates for the position of the Corporate secretary of the Company (the head of the unit which performs functions of the Corporate secretary), the members of the executive bodies of the Company and other key officers;
 - 2.2.8. Interaction with shareholders, which is not limited to the majority shareholders, with the aim to prepare recommendations on voting for matters related to the election of candidates to the Board of Directors of the Company;
- 2.3. The Committee assists in attracting qualified specialists for the management of the Company and development of a required motivation program for its successful functioning.
- 2.4. The competence of the Committee includes the following matters:
- 2.4.1. Determination of criteria for selection of candidates for the positions of the members of to the Board of Directors, the General director, the members of the Management board, heads of the main structural units, as well as the preliminary evaluation of the abovementioned candidates;
 - 2.4.2. Determination of principles and criteria for calculation of remuneration and indemnification of the Board of Directors, the General director, the members of the Management boards, heads of the main structural units and members of the Audit commission of the Company, as well as any other payments in favour of the abovementioned persons on account of the Company (including life and health insurance, non-state pension contribution), determination of principles and criteria of their performance evaluation, as well preparation of proposals to the Board of Directors on the said matters;
 - 2.4.3. Examination of candidates for the position of the General director and the early termination of powers of the General director;
 - 2.4.4. Development of proposals on the composition of the Management board and the early termination of powers of the members of the Management board;
 - 2.4.5. Development of proposals for determination of material terms of the agreements with the members of the Board of Directors, the General director, the members of the Management board; examination of terms of the agreements (amendment agreements) concluded with the members of the Board of Directors, the General director, the members of the Management board;
 - 2.4.6. Regular performance evaluation of the General director, the members of the Management board and preparation for the Board of Directors proposals for the prolongation of their powers, as well as the regular performance evaluation of the members of the Board of Directors;
 - 2.4.7. Recommendations to the Board of Directors on appointment of the members of the committees and the chairmen of the committees of the Board of Directors and the early termination of their powers;

- 2.4.8. Recommendations to the Board of Directors on establishment of new or termination of the existing committees of the Board of Directors, determination of qualification requirements to their members;
 - 2.4.9. Recommendations to the Board of Directors on independence of candidates to the Board of Directors, in accordance with the definition provided in the Regulations of the Board of Directors of the Company;
 - 2.4.10. Examination of the corporate governance system of the Company;
 - 2.4.11. Regular monitoring of changes in the Russian and foreign legislation in respect of the provisions, principles and procedures of the corporate governance, notification of the Board of Directors on such changes, as well as the examination of the working plan for improvement of the corporate governance system of the Company and bringing it to conformity with the best Russian and international principles of the corporate governance;
 - 2.4.12. Examination of changes and amendments to the internal regulations and other documents of the Company, which relate to the corporate governance system of the Company and its separate bodies, for their further submission to the Board of Directors for revision and adoption.
 - 2.4.13. Examination and approval of the staff policy of the Company, including the policy for remuneration and indemnification;
 - 2.4.14. Examination of other matters in accordance with clause 2.2. of the present Regulations.
- 2.5. Upon a decision of the Board of Directors the Committee can examine other matters and issues falling under its competence.
- 2.6. During the examination of the matters of competence of the Committee and the decision taking process, the Committee is governed by the interests and the general development strategy of the Company.

3. Composition of the Committee

- 3.1. The committee consists of not less than three members.
- 3.2. Only independent directors, according to the definition provided in the Regulations of the Board of Directors of the Company, can be appointed as members of the Committee, and if it is impossible due to some objective reasons, - only Independent directors and the Non-Executive directors of the Company, according to the definition provided in the Regulations of the Board of Directors of the Company. However, in this case the number of the Independent directors must be the majority of the members of the Committee.
The Chairman of the Audit committee can not be a member of the Committee.
- 3.3. The members of the Committee are appointed by the Board of Directors by majority of the members of the Board of Directors, who take part in the voting, and after the consultation with the candidates. The Board of Directors by a simple majority of its members concludes early termination of powers of the members of the Committee.
- 3.4. Only a member of the Board of Directors, who is an Independent director according to the definition provided in the Regulations of the Board of Directors of the Company, can be appointed as the Chairman of the Committee.
- 3.5. The main tasks of the Chairman of the Committee is organization of work of the Committee, as well as preparation of objective recommendations to the Board of Directors of the Company.

- 3.6.If required, experts and consultants, who have necessary professional knowledge, can be engaged for performance of certain tasks of the Committee.
- 3.7.The Chairman of the Committee can invite the General director of the Company, the members of the Board of Directors of the Company, who are not members of the Committee, the members of the Management board, the members of the Audit commission of the Company, an independent external auditor of the Company, the head of the internal control structural unit, other officers and employees of the Company, to participate in a meeting.
- 3.8.Each Independent director, according to the definition provided in the Regulations of the Board of Directors of the Company, as well as the Chairman of the Board of Directors are entitled to attend any meeting of the Committee regardless of whether he/she is a member of the Committee, except for those cases when at such meeting of the Committee those matters are examined in which he/she has a personal interest, including those matters related to his/her remuneration, indemnification and performance evaluation.
- 3.9.The Secretary of the Board of Directors (the Corporate secretary of the Company) or another other person appointed by the Committee (out of its members or employees of the Company) shall act as secretary of the Committee.

4. Formation of the Committee

- 4.1.The decision on the formation of the Committee, its quantitative and personal composition, election of the Chairman of the Committee shall be taken by the Board of Directors after the election of its new composition.
The Chairman of the Board of Directors can not be at the same time the Chairman of the Committee.
- 4.2. The Committee acts until the election of the new composition of the Board of Directors.
- 4.3.At the election of the Chairman and members of the Committee their education, professional skills, working experience connected to the activity of the Committee, skills in documents handling and other special knowledge, necessary for the performance of the functions by the members of the Committee must be taken into consideration. If required and upon agreement with the Board of Directors a special professional training can be organized for a member(s) of the Committee.

5. Meetings of the Committee

- 5.1.The regularity and duration of the meetings of the Committee are determined by the Chairman of the Committee upon agreement with its members.
- 5.2.The working plan of the Committee is prepared on basis of the approved working plan of the Board of Directors and shall be attached to it.
- 5.3.The Chairman of the Committee upon agreement with the members of the Committee prepares agendas of the meetings of the Committee. The agenda of each meeting of the Committee is forwarded in advance to all the members of the Board of Directors. Upon mutual consent of all the members of the Committee the agenda can be amended and modified. If required, the Committee can remove certain items of the agenda in favour of other more important items, in opinion of the members of the Committee.
- 5.4.The members of the Board of Directors, who are not members of the Committee, the General director, the members of the Audit commission of the Company, as well as engaged experts can forward to the Chairman of the Committee a proposal to review and discuss a certain matter which falls under the competence of the Committee. Such matter

- can be examined and discussed either at the next planned meeting of the Committee or, in case of importance of such matter and due to its urgency, at a specially convened meeting of the Committee.
- 5.5. A meeting is convened by the Chairman of the Committee at his/her own initiative or upon a request of a member of the Committee, a member of the Board of Directors who is not a member of the Committee, the General director, a member of the Audit commission of the Company, as well as upon a request of an engaged expert.
 - 5.6. The convocation notice must be forwarded to each member of the Committee, each member of the Board of Directors, who is not a member of the Committee, as well as any invited person in a reasonable term, sufficient for the preparation for such meeting of the Committee, but in any case not later than three working days prior the date of the meeting and must contain (i) agenda of the meeting of the Committee with the list of items due to discussion at such meeting and (ii) all the materials related to the items of the agenda due to discussion. The invitation of the General director of the Company, the members of the Management board of the Company, the members of the Audit commission of the Company, other officers and employees of the Company, as well as engaged experts for a meeting of the Committee is conducted in such order that allows reasonable and sufficient time for all the invited persons to prepare for the meeting of the Committee.
 - 5.7. The meetings of the Committee are conducted either in form of a physical presence or a written questioning of the members of the Committee. For holding of meetings of the Committee such means of communication as telephone conference, videoconference can be used. Persons invited to attend such meeting, including the members of the Committee, can provide their opinion on items of the agenda in a written form.
 - 5.8. The meetings are considered legitimate (have quorum) when the majority of the members of the Committee are present (at the beginning of the meeting all the written opinions are collected). The absence of the quorum can result in re-scheduling of such meeting of the Committee. In exceptional cases and in presence of compelling reasons, a meeting can be considered legitimate in case of a lesser quorum, which in any case can not be less than half of the appointed members of the Committee. The absence of invited experts is not a cause for rescheduling a meeting, however, when it is impossible to discuss certain items of the agenda without such invited experts, the Committee can take a decision on rescheduling such meeting.
 - 5.9. All the decisions of the Committee are taken by the majority members of the Committee, who take part in the meeting, herewith each member of the Committee has one vote. In case of a tie the Chairman of the Committee shall have a casting vote. Persons who are not members of the Committee and who do not participate in its meetings, do not have a voting right.
 - 5.10. Any information about any personal interest of any member of the Committee must be disclosed at the meetings of the Committee.
 - 5.11. The Committee can authorize any member(s) of the Committee to examine certain matters of competence of the Committee and inform the Committee about the obtained results.
 - 5.12. A meeting of the Committee is conducted by the Chairman. In case of absence of the Chairman of the Committee any member of the Committee can conduct such meeting. Minutes of a meeting is kept by the secretary of the Committee and is signed by the Chairman of the Committee. During the meeting the opinions provided by the members of the Committee and persons invited to such meeting of the Committee shall be heard and reflected in the minutes (attached to the minutes).

- 5.13. The minutes of a meeting of the Committee should contain:
- place, date and time of the meeting in form of a joint presence of the members of the Committee (or date of conduction of a written questioning or telephone conference, videoconference);
 - list of the members of the Committee who have taken part in the meeting;
 - items of the agenda for voting and voting results (for each member of the Committee, who has taken part in the meeting);
 - taken decisions.

The minutes of the meeting of the Committee shall be made in one copy.

All the minutes of the meetings shall kept with the secretary of the Committee who is obliged to provide access to them, as well as to the materials reviewed at the meetings of the Committee, to all the members of the Committee.

- 5.14. The corporate secretary of the Company in his/her turn, must deliver this information to all the members of the Board of Directors in order to let the Board of Directors, who intent to provide their written opinions, take the recommendations of the Committee into account.

- 5.15. All the documents and materials of the Committee, including the minutes of the Committee, which contain information about remuneration and indemnification of the members of the Board of Directors or any other officers and employees of the Company, must be considered confidential and marked as “Confidential”. The access to such confidential documents is granted to all the members of the Board of Directors, as well as to other persons, who are not members of the Board of Directors, only in case of receipt of a corresponding written instruction from the Chairman of the Committee or the Chairman of the Board of Directors.

6. Rights and obligations of the members of the Committee

6.1. The members of the Committee are obliged to:

- 6.1.1. Participate actively in the work of the Committee;
- 6.1.2. Fully and thoroughly study all documents provided for meetings of the Committee and during such meetings;
- 6.1.3. Immediately notify the Committee about any interest of any member of the Committee in taking of certain decisions;
- 6.1.4. Avoid any actions that can compromise the Committee or question the professionalism of its members;
- 6.1.5. Timely attend the meetings of the Committee and actively take part in discussions of the items of the agenda;
- 6.1.6. Timely and duly execute decisions taken at the meetings of the Committee;
- 6.1.7. Review and provide conclusions on items of the agenda of the meetings of the Committee;
- 6.1.8. Keep any information, received during the preparation and use of materials related to the matters of competence of the Committee, confidential.

6.2. The members of the Committee are entitled to:

- 6.2.1. Request through the offices of the Corporate secretary of the Company, the Board of Directors, the Management board, the General director, an independent auditor and

- the Audit commission of the Company any information and documents related the matters of competence of the Committee;
- 6.2.2. Participate in meetings with representatives of the investment society in order to discuss matters of competence of the Committee;
 - 6.2.3. Study any materials prepared for the meetings of the Committee.

7. Interaction of the Committee with the bodies of the Company

- 7.1.The Secretary of the Committee provides technical maintenance and support in procedures related to the interaction of the Committee with other bodies of the Company.
- 7.2.The executive bodies of the Company must inform the Committee about any material changes, related to the matters of competence of the Committee;
- 7.3.The Committee is obliged to inform the Board of Directors about its activity by submitting performance reports to the Board of Directors in a form approved by the Board of Directors, not less that once per quarter.
- 7.4.The Committee is obliged to submit to the Board of Directors an annual report on implementation of goals stated before the Committee. The annual reports of the Committee, except its confidential part, are subject to disclosure within the materials provided to the persons having right to participate in the general meeting of shareholders, during preparation for any general meeting of shareholders of the Company.
- 7.5.Any correspondence, outgoing documents of the Committee are executed through the Chairman of the Committee and with his/her signature.
- 7.6.Requests and inquiries of the Committee in respect of the Company, as well as its subsidiaries and legal entities, directly or indirectly controlled by the Company, are forwarded through the offices of the Corporate secretary of the Company.

8. Final provisions

- 8.1.The present Regulations is approved by the Board of Directors. Any amendments and modifications to the present Regulations are made upon a decision of the Board of Directors.