

**ADOPTED BY  
the decision of the Board of Directors  
of PAO “TMK” dated 27.01.2016  
Minutes №1 dated 01.02.2016**

**REGULATIONS OF THE  
STRATEGY DEVELOPMENT COMMITTEE  
OF THE BOARD OF DIRECTORS OF PAO “TMK”**

**Moscow  
2016**

## **1. General provisions**

- 1.1. The present Regulations of the Strategy development committee (hereinafter referred to as the “**Regulations**”) is the main document, which regulates the activity of the Strategy development committee of the Board of Directors of PAO “TMK” (hereinafter referred to as the “**Committee**”) and determines the matters of its competence, main purpose and obligations of the Committee, as well as the qualification requirements to its members, order of their appointment and removal, structure and functions of the Committee, as well as order of reporting to the Board of Directors.
- 1.2. The Regulations is developed in accordance with the current legislation of the Russian Federation, the Corporate governance code of the Russian Federation, the listing rules of those stock exchanges on which the securities of PAO “TMK” are listed, the Articles of Association, the Regulations of the Board of Directors of PAO “TMK”, the Corporate governance code and other internal documents of PAO “TMK”.
- 1.3. The Committee is an auxiliary body of the Board of Directors, established for the preliminary discussion of matters falling 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, through the Committee the Company does not assume any civil rights and obligations.
- 1.4. 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.
- 1.5. In its activity the Committee is subordinated to the Board of Directors of the Company.

## **2. Purpose of establishment, main goals and competence of the Committee**

- 2.1. The main purpose of establishment of the Committee is the increase of efficiency and quality of work of the Board of Directors by way of a preliminary discussion of certain matters falling under the competence of the Board of Directors and the preparation of recommendations to the Board of Directors on matters of competence of the Committee.
- 2.2. The main goals of the Committee, its obligations and functions are the provision of support to the Board of Directors of the Company in protection of interests of its shareholders by way of monitoring of the strategy development of the Company, participation in the determination of the priority directions of the activity of the Company, evaluation of the strategic initiatives of the Company, analysis of main tendencies of the economic policy implemented by the Russian Federation in relation to the activity of the Company and delivery of such information to the Board of Directors of the Company.
- 2.3. The competence of the Committee includes a revision of:
  - 2.3.1. proposals for main directions of the Company, including budgeting on different levels, perspective plans, strategies and development plans of the Company;
  - 2.3.2. proposals for improvement of budgeting system, investment planning process, monitoring and analysis of the Company;
  - 2.3.3. Proposals for main indexes of effectiveness and management system of the Company;
  - 2.3.4. Proposals for investment policy of the Company;
  - 2.3.5. Proposals for strategy of interaction with the shareholders and debt capital;
  - 2.3.6. Proposals for assets and liquidity management;
  - 2.3.7. Proposals for strategy of capitalization efficiency;

- 2.3.8. Proposals for dividend policy of the Company;
- 2.3.9. Proposals for determination of order of interaction of the Company with the entities in which the Company holds stock.
- 2.3.10. Proposals on M&A and asset disposal policy.

- 2.4. Upon a decision of the Board of Directors other matters could be submitted for examination and discussion by the Committee, which fall under its competence.
- 2.5. During the discussion of matters of competence of the Committee and decision taking process, the Committee is governed by the interests and strategy development of the Company.

### **3. Composition of the Committee**

- 3.1. The Committee consists of not less than three members.
- 3.2. The members of the Board of Directors, and if required, other officers and employees of the Company, who are not members of the Board of Directors can be 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 the majority of the members of the Board of Directors, taking part in the voting, upon a recommendation of the Committee for nominations and remuneration and after the consultation with the candidates.  
Early termination of powers of the members of the Committee is performed by the Board of Directors of the Company (by a majority votes of its members) upon recommendations of the Committee for nominations and remuneration.
- 3.4. For operating control of the Committee of the Board of Directors upon recommendations of the Committee for nominations and remuneration and after the consultations with candidates the chairman of the Committee is appointed. The main tasks of the Chairman of the Committee are the organization of the functioning of the Committee, as well as the objective analysis during the preparation of recommendations to the Board of Directors by the Committee. Early termination of powers of the Chairman of the Committee is performed upon recommendations of the Committee for nominations and remuneration.
- 3.5. If required, other experts and consultants which possess certain professional skills can be engaged by the Committee in order its activity to be successfully performed.
- 3.6. 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, the auditor of the Company, heads of the structural units of the internal control, other officers and employees of the Company can be invited to the meetings of the Committee.
- 3.7. Each Independent director, in accordance with the definition provided in the Regulations of the Board of Directors of the Company, as well as the Chairman of the Board of Directors is entitled to attend any meeting of the Committee, regardless whether he/she is a member of the Committee.
- 3.8. The Secretary of the Board of Directors (the Corporate secretary of the Company) or a person appointed by the Committee (out of the Committee or employees of the Company) can act as secretary of the Committee.

### **4. Formation of the Committee**

- 4.1. A decision on the establishment of the Committee, its personal composition and election of the Chairman of the Committee is taken by the Board of Directors after the election of the new composition of the Board of Directors. The Chairman of the Board of Directors can not be 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 qualifications, working experience, skills in records keeping and other special knowledge required for the performance of their functions are taken into account. If required and upon agreement with the Board of Directors a professional training can be provided to 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 of the Company and is attached to the working plan of the Board of Directors.
- 5.3. The Chairman of the Committee upon agreement with the members of the Committee prepares an agenda of a meeting of the Committee. The agenda for 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 of the meeting 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, the auditor of the Company, heads of the structural units of the internal control, as well as engaged experts can forward to the Chairman of the Committee a proposal to review and discuss certain matters which fall under the competence of the Committee. Such matter can be reviewed 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 from 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 in form of a written questioning of the members of the Committee. For holding of the 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 of a meeting, however, when it is impossible to discuss certain items of the agenda without the invited experts, the Committee can take a decision for rescheduling such meeting.
- 5.9. All the decisions of the Committee are taken by the majority of the members of the Committee, who take part in the meeting, and 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 study a certain matter 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 a meeting 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 a 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.  
The minutes is kept with the secretary of the Committee who is obliged to provide access to the minutes of the Committee, 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 such 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.

## **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 the 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 meetings of the Committee and actively take part in discussions of 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 the items of the agenda of the meetings of the Committee;
- 6.1.8. keep any information received during the preparation and use of the 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 to the matters of competence of the Committee;
- 6.2.2. participate in the meetings with representatives of the investment society in order to discuss the 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 than 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.