

**APPROVED by:
Resolution of the Board of Directors
of OAO “TMK”
(Minutes dated “28” February 2011)**

**CORPORATE GOVERNANCE CODE
of OAO “TMK”**

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MAIN CONCEPTIONS AND DEFINITIONS

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Corporate governance is a system of governance of the Company, including a set of principles, norms and rules, which regulate the relations between the management bodies of the Company (including members of the Board of Directors and executive bodies of the Company), bodies of internal control of the Company, shareholders of the Company, as well as other persons concerned.

“Independent director”¹ - member of the Board of Directors, which meets the following requirements:

- has not been for the last 5 (five) years and is not now an officer (manager) or an employee of the Company, subsidiaries of the Company and other legal entities, directly or indirectly controlled by the Company, as well as an officer or an employee of the management organization of the Company, as well as the one, whose close relatives have not been for the last 5 (five) years and are not now the officers (managers) or employees of the Company, subsidiaries of the Company and other legal entities, directly or indirectly controlled by the Company, as well as officers or employees of the management organization of the Company;
- has not been for the last 3 (three) years and is not now an officer of other legal entity, in which any of the Company’s officers is a member of the committee (-s) of the Board of Directors on the questions of appointments and remunerations, as well as the one, whose close relatives have not been for the last 3 (three) years and are not now the officers of other legal entity, in which any of the Company’s officers is a member of the committee (-s) of the Board of Directors on the questions of appointments and remunerations;
- is not an affiliated person of the Company’s officer (officer of the management organization of the Company);
- is not an affiliated person of the Company, excluding as on the ground of membership in the Board of Directors, current or former external auditor of the Company, or affiliated person of such an affiliated person, as well as the one, whose close relatives are not the affiliated persons of the Company, current or former external auditor of the Company, as well as affiliated persons of such affiliated persons;
- is not now and has not been for the last 3 (three) years an officer or a member of the Board of Directors, as well as the one, whose close relatives have not been for the last 3 (three) years and are not now the officers or members of the Board of Directors of the organization, being the party to the transaction with the Company, in accordance with the terms and conditions of which the organization pays or gets money during the financial year at the rate of 2 (two) and more percent of the total annual income of such an organization (and its subsidiaries);
- has not received for the last 3 (three) years, as well as the one, whose close relatives have not received for the last 3 (three) years more than 100,000 US dollars in the form of direct remuneration from the Company or in the form of pension, or other deferred compensation for the services, rendered in the past, excluding remuneration for execution of duties of the member of the Board of Directors and (or) member of the committee of the Board of Directors and (or) secretary of the Board of Directors;

¹ The concept of an **independent director**, established by the present paragraph, shall be used exclusively for the purposes of application of the provisions of the present Code. In particular, for the purposes of application of the norms of the Russian legislation and by-laws, using the concept of an independent director, to the Company, this concept shall be defined exclusively in accordance with the Russian legislation, without accounting of the present paragraph.

In case if for the purposes of observation of other applicable legislation and (or) standards of corporate governance, accepted in the international practice, other criteria of independence of the members of the Board of Directors must be used, the status and the quantity of the independent members of the Board of Directors for the corresponding purposes shall be determined as per such criteria.

² *Close relatives* are marriage partners, direct line ascending and descending relatives (parents, children, grand-children), full-blood and half-blood brothers and sisters, adoptive parents and adoptees;

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- is not, as well as the one, whose close relatives are not the party, beneficiary, intermediary or representative in the transaction with the Company, in accordance with the terms and conditions of which the indicated persons can acquire the property (get money), the cost of which makes 10 (ten) and more percent of the total annual income of the indicated persons, excluding receipt of remuneration for execution of duties of the member of the Board of Directors and (or) member of the committee of the Board of Directors and (or) secretary of the Board of Directors;
- does not represent the interests of a major shareholder of the Company, holding 10 (ten) and more percent of the shares of the Company;
- has not been for 7 (seven) and more years a member of the Board of Directors of the Company;
- is not, as well as the one, whose close relatives are not major contractors of the Company (that is contractors, with whom the total amount of transactions of the Company during the year makes 10 and more percent of the balance sheet value of the Company’s assets); as well as
- is not the representative of the state.

“Managing Director” – a member of the Board of Directors, being an officer of the Company;

“Non-executive director” – a member of the Board of Directors, not being an officer of the Company, and not meeting all requirements, made to the Independent Director.

“Officer” – a person, performing organizational and management or administrative functions in the legal entity and being in employment relations with the legal entity.

“Registrar” – organization – a professional securities market participant, which renders services to the Company with regard to maintenance of register of the Company’s shareholders, registration of transfer of the titles to the shares, distribution of materials to Company’s shareholders and other services.

1. INTRODUCTION

OAO “TMK” (hereinafter referred to as the Company) is one of the leaders of the world pipe business and the largest manufacturer and exporter of pipe products in Russia. The Company unites manufacturing plants, located in Russia, USA, Romania and Kazakhstan. Consumers of the Company’s products include companies of oil and gas and power complex, engineering, construction industry, agriculture and other branches of industry.

Scales of the Company’s operation are associated with high responsibility of the Company to the shareholders and to the employees of the Company, its consumers and suppliers, as well as population and the Company on the whole.

Realizing this responsibility, the Company has developed the present Corporate Governance Code (hereinafter referred to as the Code) and commits itself to adhere in its operation to the principles, stated forth in it in its operation, and to apply all reasonable efforts to observe them.

The objective of adoption of the present Code by the Company is to form and to introduce in the Company’s operation the principles and rules of corporate governance, contributing to successful development of the Company in long-term prospect, growth of its capitalization, observation of the rights and legal interests of all shareholders and formation of the positive image of the Company among shareholders, employees, clients and partners of the Company, potential investors, professional participants of the securities market and other persons concerned.

The Code is developed with account of the requirements of the following legislative, regulatory and other documents:

- Federal Law of 26.12.1995 No. 208-FZ “On joint-stock companies”

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- Order of FCSM of Russia of 04.04.2002 No. 421/r “On recommendation to application of the Corporate Governance Code”.
- Principles of the corporate governance of the Organization for Economic Cooperation and Development (OECD)
- Rules for listing of Russian and foreign stock markets
- Charter of the Company
- Internal documents of the Company (including the Regulation on the Board of Directors, Regulation on the General Meeting of Shareholders, Regulation on the Executive Board)

The Charter, Corporate Governance Code and internal documents of the Company describe the integrated corporate governance system, which is based on the requirements of the legislation, best Russian and international corporate governance practice. The Company shall disclose information on observation of the present Code in its Annual Report.

2. GENERAL PRINCIPLES OF CORPORATE GOVERNANCE OF THE COMPANY

The Company commits itself to adhere in its operation to the following principles:

- equal attitude towards the Company’s shareholders, observation and protection of rights of the shareholders in accordance with the requirements of the applicable legislation of the Russian Federation, national legislation and standards of the international law (in the part, concerning issue and circulation of depositary receipts for ordinary shares of the Company);
- accountability of the Board of Directors of the Company to the Company’s shareholders, and control over the activities of the executive bodies of the Company from the Board of Directors
- maintenance of the effective internal control and audit system of the Company;
- maintenance of information and financial transparency of the Company’s operation;
- observation of the ethical norms of business behavior;
- effective interaction with the Company’s employees in solution of social problems and maintenance of comfortable labor conditions.

3. STRUCTURE OF CORPORATE GOVERNANCE OF THE COMPANY

The General Meeting of Shareholders is the superior management body of the Company. Main powers on management of the Company are delegated by the shareholders to the Board of Directors. In order to ensure operating management of the Company the Board of Directors shall elect the General Director and approve the candidatures of the members of the Executive Board upon presentation of the General Director.

In order to increase the efficiency of its activities the Board of Directors shall establish the committees of the Board of Directors, which operation shall be regulated by the internal documents of the Company. the committees of the Board of Directors shall not be the bodies of the Company, their decisions shall be of recommendatory nature.

In order to ensure effective control over the financial and business operation of the Company, as well as execution of the requirements of the applicable legislation of the Russian Federation by the Company, the General Meeting of Shareholders shall elect the Internal Audit Commission and approve the Auditor of the Company.

4. GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY

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The shareholders of the Company shall have the entirety of rights in respect of the Company, observation and protection of which shall be ensured by the Board of Directors, General Director and Executive Board the Company.

4.1. The shareholders shall have the right to reliable methods of registration of the property rights to the shares.

Keeping and filing of the register of the Company’s shareholders shall be made by an independent registrar, having proper technical facilities and control systems, unblemished reputation in the securities market.

4.2. The shareholders shall have the right to get regular and timely information on operation of the Company in the scope sufficient for them to take reasonable and justified decisions.

The Company shall undertake permanently to improve the process of disclosure of information, observing the requirements of the applicable legislation, using the advanced Russian and international experience and introducing additional systems and accounting forms in accordance with the requirements of the regulatory authorities, wishes of the shareholders and outside users.

The Company shall keep the calendar of forthcoming important events (Investor’s Calendar) and place it in its website.

Structural subdivisions, working with the shareholders and investors, ensuring timely and full disclosure and provision of information, operate in the Company.

4.3. The shareholders shall have the right to participate in management of the Company by taking decision on the most important questions of the Company’s operation in the General Meeting of Shareholders.

The Company shall guarantee observation of all rights of the shareholders on participation in management of the Company, first of all by means of adoption of the decisions by them the on most important questions of the Company’s operation in the General Meeting of Shareholders.

The procedure of convocation, preparation, holding and summing-up of the General Meeting of Shareholders of the Company shall be determined by the legislation of the Russian Federation, Charter of the Company, as well as the Regulation on the General Meeting of Shareholders of the Company.

The message of holding of the General Meeting of Shareholders shall be made latest 30 days before its holding, unless the law provides for a longer period. The Company shall disseminate the information, concerning the General Meeting of Shareholders, through the mass media, the Company’s website at: www.tmk-group.com, as well as by direct mailing of information to the Company’s shareholders.

The Company shall ensure simultaneous dissemination of materials for the General Meeting of Shareholders among the shareholders of the Company and holders of GDR.

The Company shall provide the shareholders with the information on the items of the agenda of the General Meeting of Shareholders in the scope, which allows the shareholders to take reasonable decisions, and within the period provided for by the Federal Law “On joint-stock companies” and the Charter of the Company.

The Company shall publish the draft documents, put for discussion in the meetings of shareholders, information on the candidates, nominated to the Company’s management bodies and its control bodies.

The Company shall ensure equal access of the Russian and foreign shareholders to participation in management of the Company, by provision of the required information in English to foreign shareholders (including information on the items of the agenda of the General Meeting) and by placement of the corresponding information in the English version of the Company’s website at: www.tmk-group.com.

The Company shall organize holding of the General Meeting of Shareholders so that the shareholders had a real opportunity to participate in it without significant material and time costs.

The Company shall ensure the rights of the shareholders to claim convocation of the General Meeting of Shareholders and to make proposals to the agenda of the General Meeting of Shareholders so that they were not associated with unjustified difficulties with the shareholders' confirmation of availability of these rights. In registration for participation in the General Meeting of Shareholders, held in the form of joint presence, for confirmation that the shareholders possess the Company's shares in the required number, the Company's shareholders shall not provide an extract from the Register of holders of registered securities of the Company (the Company shall verify presence of the number of shares by itself, based on the data in the system of keeping the register of holders of registered securities of the Company), and if rights of the Company's shareholders to the shares are accounted in the custody accounts in depositaries, which did not present information about their clients, in the interests of which they are the nominal holders of the Company's shares, a statement of the custody account of the Company's shareholder shall be the sufficient evidence of presence of the number of shares.

4.4. The shareholders shall have the right to get a part of net profit of the Company in the form of dividends as per the results of the first quarter, half-year, nine months of the financial year and / or as per the results of the financial year.

The Company shall recognize the importance of getting dividends by the shareholders as a form of incomes on investments into purchase of shares and strive to establish a transparent and clear for the shareholders mechanism of determination of dividends and their payment.

The shareholders shall have the right to get a part of net profit of the Company in the form of dividends in accordance with the Regulation on Dividend Policy, approved by the Board of Directors of the Company, and decisions of the General Meeting of Shareholders of the Company.

When determining the amount of dividends, the Company shall be guided by the principals of balanced growth of the Company's capitalization and increase of the amount of dividends, based on the amount of the net profit for corresponding period and the needs of development of production and investment activity of the Company.

The Company shall pay the declared dividends at the rate and within the period, established by the General Meeting of Shareholders upon recommendation of the Board of Directors. When determining the recommended amount of dividends, the Board of Directors shall be guided by the Regulation on Dividend Policy of the Company, which shall be approved by the Board of Directors. The Company's aim is to pay dividends at the rate of at least 25% of the annual consolidated net profit, calculated in accordance with the IFRS.

The Company undertakes to pay dividends to all shareholders of the Company, which on the date of closure of the register of shareholders are included in the list of persons, having the right to participate in the General Meeting, in which the decision is taken on payment of the corresponding dividends.

The Company expects that the shareholders shall not take actions, which can undermine the long-term profitability of the Company, disclose information, referred to the commercial secret, shall not abuse the rights, granted to them.

5. BOARD OF DIRECTORS OF THE COMPANY

5.1. General provisions

The Board of Directors of the Company shall bear responsibility to the shareholders in accordance with the applicable legislation, ensure execution and protection of their rights and perform the duties on management of the Company in good faith and in a competent manner.

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The Board of Directors of the Company shall proceed in its decisions from the need to act fairly in relation to all shareholders. It shall ensure establishment of the system of detection and settlement of potential conflicts of interests.

The Board of Directors of the Company shall determine the priority areas of the Company's operation, as well as approve the strategy of the Company's development, exercise control over its execution and evaluation of its efficiency, as well as establish values and corporate standards of the Company.

The Board of Directors of the Company shall ensure effective control over the financial and business operation of the Company. Each member of the Board of Directors shall have the right to receive any information related to the Company, as well as its subsidiaries and legal entities, directly or indirectly controlled by the Company, through the Secretary of the Board of Directors in case when he considers that this information is necessary for execution of his functions as a member of the Board of Directors.

The Board of Directors of the Company shall ensure effective work of the Executive Board and General Director of the Company, create and maintain the required mechanisms of control of their operation, including monitoring and performance evaluation.

Issues related to the competence of the Board of Directors can not be transferred for decision to the General Director, Executive Board or General Meeting of Shareholders.

The Board of Directors of the Company shall exercise control over operation of the system of evaluation and risk management.

The Board of Directors shall exercise its activity in accordance with the applicable legislation of the Russian Federation, the Charter of the Company, Regulation on the Board of Directors and this Code.

5.2. Composition of the Board of Directors of the Company

The quantitative composition of the Board of Directors of the Company shall be determined by the General Meeting of Shareholders based on the need to ensure effective operation of the Board of Directors and take into account different points of view in elaboration of decisions and shall be recorded in the Charter of the Company and in the Regulation on the Board of Directors. The Board of Directors shall have the right to initiate a question on change of the number of its members.

Members of the Board of Directors shall be elected every year by the annual General Meeting of Shareholders in accordance with the procedure, provided for by the Charter of the Company.

The Board of Directors of the Company can include executive directors, non-executive directors, independent directors. At least three members of the Board of Directors shall be the independent directors.

In the event, if in case of occurrence of any events an independent director elected to the Board of Directors can no longer comply with the requirements, made to independent directors, he shall resign or make a public announcement about the loss of the status of an independent director.

The Board of Directors of the Company shall be headed by its Chairman, who shall be elected by the members of the Board of Directors from their number and cannot be the General Director of the Company.

The Chairman of the Board of Directors of the Company shall be responsible for organization of effective operation of the Board of Directors of the Company, settlement of disputable situations in the Board of Directors and distribution of functions among the members of the Board of Directors in case of contingencies.

5.3. Requirements to the member of the Board of Directors of the Company

A member of the Board of Directors of the Company, acting as such, shall:

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- act reasonably and conscientiously in the interests of the Company on the whole, and not in the interests of individual shareholders, officers and other persons.
- act within his powers in accordance with the goals and principles of operation of the Board of Directors;
- not disclose and not use the confidential information on the Company and insider information in personal interests or in the interests of the third persons during the period of stay in the position of the member of the Board of Directors and within 10 (Ten) years after termination of employment in the Company;
- take part in taking decision of the Board of Directors by voting on the items of the agenda of its meetings; abstain from voting on the item, in taking decisions on which he has personal interest¹;
- dedicate a significant part of his time and apply efforts to study the activity of the Company and the information, provided to him;
- assess risks and probable adverse consequences when taking decisions; take reasonable decisions after study of all required information and materials;
- timely inform the Company of his affiliation and changes in the grounds for emergence of affiliation²;
- bring information on expected transactions, in which he can be recognized as an interested party, to notice of the Board of Directors; hereby the member of the Board of Directors shall timely bring to notice of the Board of Directors the very fact of such interest and the ground for its emergence;
- bring information on other material obligations, which can affect his work in the position of the member of the Board of Directors, to notice of the Board of Directors and inform the Board of Directors of all subsequent changes in such obligations;
- abstain from acts, which lead or can potentially lead to emergence of the conflict between his interests and the interests of the Company, and in the case of such a conflict timely disclose the relevant information to the Company;
- inform the Board of Directors in writing of the intention to settle transactions with securities of the Company or its subsidiaries (affiliates), as well as disclose information to the Company on transactions with such securities, settled by them;

A member of the Board of Directors of the Company cannot:

- using his participation in the Board of Directors, directly or indirectly lobby his private interests in the Company, as well as commercial interests of other legal entities and individuals;
- disclose and use in his interests confidential information on operation of the Company, which became known to him, as well as information, making the state secret;
- get remuneration, including gifts, for influence on taking decision by the Board of Directors of the Company or other bodies and employees of the Company;
- participate or have a share in the charter (share) capital of legal entities, competing with the Company, unless it is otherwise provided for by the Charter of the Company, as well as take positions in legal entities, competing with the Company;
- be a member of the Audit Commission of the Company.

In case of improper execution of his obligations by the member of the Board of Directors the shareholders of the Company can initiate the question on early termination of his powers.

Procedures of election to the position of the member of the Board of Directors of the Company and termination of powers in case of re-election, both early and regular, order of voluntary abdication of powers by the member of the Board of Directors shall be determined by the Charter of the Company, as

¹ Interest of the member of the Board of Directors shall be determined in accordance with article 81 of the Federal Law On joint-stock companies.

² The concept of affiliation shall be determined in accordance with article 4 of Law of the RSFSR “On competition and restriction of monopolistic activity in commodity markets” dated 22.03.1991 No 948-1

well as the Regulation on the Board of Directors of the Company, approved by the General Meeting of Shareholders.

5.4. Organization of work of the Board of Directors of the Company

Meetings of the Board of Directors of the Company shall be held regularly in accordance with the work plan approved in the meeting of the Board of Directors, but at least once per quarter.

Meetings of the Board of Directors of the Company can be held both in form of joint presence of the members of the Board of Directors, and by correspondence (by interrogation). The decision on the form of holding of the meetings of the Board of Directors of the Company shall be taken by its Chairman.

In exceptional cases the meetings of the Board of Directors of the Company can be held by telephone or video-conference between the members of the Board of Directors provided that each of the participants of such conference can communicate with all other participants.

The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors upon his own initiative, upon request of the member of the Board of Directors, Internal Audit Commission or the Auditor of the Company, shareholders holding 2 (Two) or more percent of voting shares of the Company, Executive Board or General Director. The procedure of convening and holding of the meetings of the Board of Directors shall be determined by the Charter of the Company and the Regulation on the Board of Directors of the Company.

The agenda of the meeting of the Board of Directors shall include the items proposed for review by the members of the Board of Directors, Internal Audit Commission, Auditor of the Company, shareholders holding 2 (Two) or more percent of voting shares of the Company, General Director or Executive Board.

5.5. Committees of the Board of Directors of the Company

Committees shall be established in the Board of Directors of the Company for preliminary consideration of the most important issues, related to the competence of the Board of Directors.

Committees of the Board of Directors of the Company shall act on the basis of Regulations, approved by the Board of Directors of the Company, determining the list of questions referred to the competence of each of the committees, order of formation of the committees and their operation.

The Chairman of each committee shall determine the frequency and duration of the meetings of the committee upon agreement with the members of the committee.

The Board of Directors of the Company shall form the following standing committees from the number of its members:

- ***Audit Committee*** (ensures participation of the Board of Directors in execution of control over the financial and business operation of the Company);
- ***Committee for Appointments and Remunerations*** (contributes to attraction of qualified specialists to management of the Company and creation of the required incentives for their successful work by means of determination of selection criteria for the candidates to the members of the Company’s management bodies, development of proposals on essential terms and conditions of the contracts with the members of the management bodies, as well as principles and criteria of determination of their remuneration, regular assessment of performance of the General Director, members of the Executive Board and members of the Board of Directors of the Company),
- ***Committee for strategic development*** (develops and provides recommendations to the Board of Directors on the questions of development of priority areas of the Company’s operation and its development strategy).

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Only independent directors can be the members of the Audit Committee and Committee for Appointments and Remunerations, and if it is impossible for objective reasons – only independent directors and non-executive directors.

The Board of Directors is entitled to establish additional committees, as required.

6. EXECUTIVE BODIES OF THE COMPANY

Management of the Company’s operating activities shall be made by the sole executive body of the Company – General Director and collegial executive body of the Company – Executive Board, which shall be elected by the Board of Directors of the Company.

The Board of Directors shall bear responsibility to the shareholders for the justified election of the General Director and the Members of the Executive Board of the Company. The Board of Directors with participation of the Committee for Appointments and Remunerations shall conduct work to ensure continuity in case of renewal of personal composition of the executive bodies of the Company.

The Executive Board and the General Director of the Company shall act in the interests of the Company to ensure long-term profitability and efficiency of its operation, exercise their rights and perform duties in relation to the Company in good faith and reasonably, bear responsibility to the shareholders and the Board of Directors of the Company in accordance with the applicable legislation.

The General Director of the Company shall be the Chairman of the Executive Board by position.

The General Director of the Company shall bear responsibility for organization, state and reliability of accounting in the Company, timely submission of the annual report, and other financial accounts to the corresponding authorities, as well as information on operation of the Company, to be provided by the Company to the shareholders, creditors and to the mass media.

The General Director of the Company shall submit the reports on the results of the Company’s financial and business operation for consideration of the Board of Directors of the Company within the period, established by the Board of Directors of the Company.

The General Director and the members of the Executive Board of the Company shall inform the Board of Directors of the Company in writing:

- of the shares of their participation in the charter capital of the Company and/or its subsidiaries (affiliates);
- of legal entities, in the management bodies of which they hold positions;
- of their interest in settled or scheduled transactions of the Company, as well as of other conflicts between their interests and the interests of the Company in respect of the existing or scheduled transaction until the decision on settlement of such a transaction is taken;
- of intention to settle transactions with the securities of the Company and/or its subsidiaries (affiliates), as well as disclose information on transactions with such securities, settled by them;
- of their affiliation and changes in the grounds for emergence of affiliation.

The activity of the Company’s executive bodies shall be regulated by the Company’s Charter, Regulation on the Executive Board of the Company and other internal documents of the Company.

7. SECRETARY OF THE BOARD OF DIRECTORS OF THE COMPANY

In order to ensure compliance of the management bodies and officers of the Company with the procedural requirements, guaranteeing execution of rights and protection of interests of the shareholders, including for the purposes of creation of efficient and transparent mechanisms of security of such rights, the Secretary of the Board of Directors of the Company shall operate in the Company.

The Secretary of the Board of Directors shall be elected by the Board of Directors of the Company. The requirements to the candidate for the Secretary of the Board of Directors and his functions shall be determined by the Regulation on the Board of Directors of the Company. The amount and procedure of

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remuneration of the Secretary of the Board of Directors shall be established by the decision of the Board of Directors.

The Secretary of the Board of Directors of the Company shall ensure the process of communication between the parties to corporate relations, including preparation and holding of the General Meeting of Shareholders and meetings of the Board of Directors of the Company, storage and provision of information on the Company, review of referrals of the shareholders, maintenance and development of the corporate governance system in the Company.

8. INTERACTION OF THE COMPANY WITH OTHER PERSONS CONCERNED

The Company shall account interests of all parties to corporate relations and apply the best efforts for active cooperation of the Company with them, based on the principles of honesty, transparency and mutual respect.

8.1. Employees

The Company shall consider its employees as its key strategic resource, and personnel costs – as long-term investments in development of the Company.

The improvement of the corporate culture of the Company is aimed at the creation and maintenance of the sense of commitment to general corporate values and interests of its employees.

The Company endeavors to create conditions, which allow every employee to develop and apply his creativity and improve its profession skills.

Relations between the Company and its employees shall be regulated by the applicable labor legislation, internal documents, employment contracts, operating in the Company, as well as the existing norms and standards of the corporate culture.

The Company shall implement the social policy of the Company, which contributes to professional development and growth of the employees of the Company and is aimed at maintenance of the occupational safety and health of the employees of the Company.

The General Director of the Company shall conduct work on construction and introduction of the labor motivation system and attractive labor remuneration system for the employees of the Company.

In its turn the Board of Directors and the General Director of the Company expect from the employees responsible and initiative approach to work and effective execution of duties, aimed at development of the Company.

8.2. Subsidiaries and affiliates

Interaction of the Company with subsidiaries and affiliates (hereinafter referred to as the S & A), as well as relations with the shareholders of S & A shall be aimed at improvement of the overall capitalization of the Company and S & A.

The Company, being the shareholder or participant of S & A, shall introduce the principles of corporate governance in their operation, as well as take actions, accounting interests of all parties, not allow and prevent emergence of corporate conflicts in S & A, and in case of their emergence – protect proprietary interests in strict compliance with the applicable legislation.

The Board of Directors, the Executive Board and the General Director of the Company shall jointly establish the effective system of management of S & A, aimed at improvement of profitability of investments made and reduction of the investments risk.

8.3. Outside organizations and public authorities

The Company shall strive for construction of mutually effective relations with contractors, based on development of long-term and stable ties.

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The Company shall approach to selection of contractors, including to selection of creditors, granting credit or loans to the Company, in a responsible manner.

In relations with the investment community, mass-media and general public the Company shall strive to increase the general level of information openness, including by means of active participation in major national and international conferences, maintenance of the active dialogue with investors and analysts, provision of timely responses to information inquiries.

The Company shall adhere to the principle of neutrality in relation to financial and industrial groups, political parties and associations, religious organizations. The Company shall also adhere to the principles of transparency and observation of legitimate requirements in relations with the public authorities.

In the field of counteraction to corruption the Company cooperates with public authorities, partners, customers. The Policy in the field of counteraction to corruption is approved in the Company.

The Company shall conduct active work on environment protection in accordance with the environmental legislation of the Russian Federation and international requirements, as well as when possible, invest in use of the latest technologies, which contribute to improvement of environmental activity and energy saving .

9. DISCLOSURE OF INFORMATION

Execution of acts by the Company, which can lead to fundamental corporate changes, including to change of the rights of the shareholders or creditors (material corporate acts), shall be accompanied by openness and transparency.

The transactions, settled by the Company, which are recognize as major transactions or interested party transactions in accordance with the law of the Russian Federation, shall be approved before their settlements by the management bodies of the Company in accordance with the Charter of the Company and the law of the Russian Federation.

The purpose of disclosure of information on material corporate acts of the Company or other acts, capable to affect the financial and business operation of the Company, shall be to bring this information to notice of all persons interested in its receipt in the scope, required to take a better decision on participation in the Company.

The main principles of the Company’s information policy shall be regularity, completeness, operating efficiency, objectivity and reliability of information on the Company, as well as provision of an opportunity of free and unencumbered access to it.

The Company shall ensure timely and precise disclosure of information on all material aspects of the Company’s operation by fulfillment of the requirements, established by the legislation of the Russian Federation, as well as by voluntary disclosure of additional information.

The Company shall protect confidential information, including the information making the commercial secret.

The Company shall strive to restrict the possibility of emergence of the conflict of interests and to prevent abuse of insider information. The procedure of use of insider information shall be established by the Regulation on insider information of the Company.

The Company shall ensure disclosure of information on the ownership structure and remuneration of the members of the Board of Directors and members of the Executive Board in accordance with the requirements of the legislation of the Russian Federation, rules of the London Stock Exchange, IFRS requirements and the best corporate standards.

The Company shall keep accounting and prepare financial and accounting statements in accordance with the Russian Accounting Standards and International Financial Reporting Standards. Financial statements

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of the Company shall be placed in the Company's website at: www.tmk-group.ru/com. For the purposes of additional information of persons concerned a press release shall be distributed with the analysis of changes in financial indices of the Company and a conference call shall be held with the participation of the members of the executive bodies of the Company.

Basic principles, rules, list and order of disclosure of information shall be governed by the Regulation on the Company's Information Policy, approved by the Board of Directors of the Company. The Company shall develop and adopt other internal documents regulating the procedure of interaction of Company's subdivisions, its subsidiaries in case of disclosure of information.

The structural subdivision operates in the Company, which exercises control over formation and implementation of the uniform information policy of the Company, and the responsible person /structural subdivision is appointed, which exercises continuous control over compliance with the requirements of the applicable legislation and internal documents of the Company in case of the disclosure of information.

10. CONTROL OVER THE FINANCIAL AND BUSINESS OPERATION OF THE COMPANY

The system of control over the financial and business operation, applicable in the Company, is aimed at maintenance of investors' confidence in the Company and its management bodies. The main goal of such control is protection of the shareholders' funds and the Company's assets.

Control over the financial and business operation of the Company shall be exercised by the Board of Directors, Audit Committee, Internal Audit Commission, Internal Audit Service, as well as independent auditor of the Company.

The Internal Audit Commission of the Company shall conduct annual and extraordinary audits, during which both an individual business transaction of the Company and business transactions for the certain period of time can be audited.

The Internal Audit Service is established in the Company, acting on the basis of the Regulation on the Internal Audit Service approved by the Board of Directors, which exercises control over compliance with the established procedures of internal control of financial and business operations in the Company and S & A.

The main functions of the Internal Audit Service include:

- Evaluation of safety of assets of the Company and S & A, including evaluation of organization of the process of accounting, storage, efficiency of use of assets, evaluation of the current liquidity of assets;
- Evaluation of the quality of preparation of all types of accounts of the Company and S & A, including the processes of formation of financial accounts as per Russian and international standards, processes of managerial accounting, statistic and other types of internal and external reports;
- Evaluation of compliance of the Company and S & A, their subdivisions and employees with the requirements of the applicable legislation and regulatory organizations, internal organization and management documents and standards, decisions of the management bodies of the Company and S & A;
- Evaluation of compliance of internal organization and management documents, applicable in the Company and S & A, with the applicable legislation, requirements of regulatory organizations, the best world practice, decisions of the management bodies, strategic goals of the Company, interests of the shareholders;
- Evaluation of the amount of lost profit and damage, inflicted to the Company and S & A by the acts of the employees and the third persons.

The independent auditor shall audit and confirm compliance of the financial accounts of the Company, with the accounting rules and international financial reporting standards, reveal the Company's violation

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of the requirements of the applicable legislation and bring information on such violations to notice of the Board of Directors of the Company

The evaluation of candidates for auditors and control over the auditor’s work shall be carried out by the Audit Committee. The Audit Committee shall assess the opinion of Company’s auditor and submit it as materials for the annual General Meeting of Company’s Shareholders as part of the Company’s Annual Report. The Audit Committee shall also perform the evaluation of efficiency of internal control procedures and elaborate proposals for their improvement.

The Company shall ensure unimpaired access to information for the persons, performing control and audit functions, and ensure establishment and efficient operation of the system of control over the financial and business operation.

11. SETTLEMENT OF CORPORATE CONFLICTS

The Company shall apply all efforts to prevent and to settle corporate conflicts, affecting its interests – conflicts between the management bodies and the shareholders of the Company, between the shareholders, between the shareholders and other persons concerned, as well as between the Company and other parties.

In order to prevent and to settle corporate conflicts the Company shall ensure strict and absolute compliance with the legislation, conscientious and reasonable behavior of the Company in relations with the shareholders.

When settling the corporate conflicts, the Company shall take such a decision, which, being legal and justified, would meet the interests of the Company.

12. FINAL PROVISIONS

The present Code shall be valid after its approval by the Board of Directors of the Company. Amendments to the present Code shall be introduced by the decision of the Board of Directors of the Company.