

Policy on selection of the group external auditor of the consolidated financial statements

Introduction

OAOTMK is a Russian company and as such is governed by Russian law and adheres to the Russian Code of Corporate Governance. However, it has international investors and lenders and a considerable number of foreign subsidiaries as well as domestic subsidiaries. Its Global Depositary Receipts are listed on the London Stock Exchange. Russian law does not require the preparation of audited consolidated financial statements of OAOTMK and its subsidiaries (the Group) drawn up in accordance with IFRS, but TMK does prepare them on a voluntary basis.

Policy

1. Overview

1.1 This policy has been developed to establish process for the selection, reappointment and review of the group external auditor of the consolidated financial statements (drawn up according to IFRS) of the Group (group external auditor).

1.2 The external auditor for the statutory audit of the separate financial statements of OAOTMK and its subsidiaries is appointed in accordance with the laws of their country of incorporation, and the statutory auditor does not have to be the same as the group external auditor.

2. Selection and appointment

2.1 The group external auditor should be one of the four largest global auditing firms: Deloitte, Ernst & Young, KPMG and PriceWaterhouseCoopers.

2.2 The group external auditor is appointed normally for a three-year term.

2.3 The appointment of the new group external auditor or the reappointment of the former group external auditor is subject to approval by the Board of Directors of OAOTMK. The Board of OAOTMK bases its approval of the appointment (reappointment) of the group external auditor on the recommendation of the Audit Committee of the Board.

2.4 To ensure that the Group receives best quality external audit services for the fair and reasonable price the Audit Committee will organize a tender for the selection of the auditor every 3 years. The tender process will commence at least four months prior to start of the year that would be subject to audit and conclude in March of that year.

3. Review

3.1 The Audit Committee constantly reviews the performance and independence of the group external auditor and reserves the right to recommend the holding of a tender after the first or second year of the three year term.

4. Non-audit work performed by the group external auditor

4.1 The group external auditor is not precluded from providing non-audit services to the Group if those services do not violate its independence. Provision of all services to any part of the Group by

the group external auditor is subject to approval in advance by the Audit Committee in accordance with the “Policy on the provision of non-audit services by the external auditor”.

5. Effective date

5.1 The Policy shall come into force 23rd August 2010.

5.2 Clause 2.4 shall come into force 1th September 2011.