



APPROVED BY

**resolution of the Board of Directors
of Mechel Public Joint Stock Company
Minutes w/o dated May 19, 2016**

Chairman of the Board of Directors
_____ **I.V. Zyuzin**

Regulation
on the Committee for Appointments and Remunerations
of the Board of Directors
of Mechel Public Joint Stock Company

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TABLE OF CONTENTS

1. General provisions	3
2. Objectives of the Committee	3
3. Functions and tasks of the Committee	4
4. Rights and obligations.....	7
5. Composition of the Committee	8
6. Work procedure of the Committee	9
7. Responsibility of the Committee	10
8. Final provisions	11

1. GENERAL PROVISIONS

1.1. The Regulation on the Committee for Appointments and Remunerations of the Board of Directors of Mechel Public Joint Stock Company (hereinafter - the "Regulation") was developed on the basis of the laws of the Russian Federation, the Corporate Governance Code, the Articles of Association of Mechel PAO (hereinafter - the "Company"), the Regulation on the Company Board of Directors and other internal documents of the Company and it is an internal document developed considering the listing rules of MICEX Stock Exchange CJSC, as well as requirements and rules for joint stock companies whose shares are listed in the form of depositary receipts on the New York Stock Exchange.

1.2. This Regulation shall determine the status, composition, objectives, functions and powers of the Committee for Appointments and Remunerations (hereinafter - the "Committee"), establish the procedure of work and interaction of the Committee with other management bodies of the Company, the procedure of convocation and holding of meetings of the Committee, adoption and execution of its resolutions.

1.3. The Committee was established under the Company Board of Directors for preliminary consideration of issues related to formation of efficient and transparent remuneration practices

and preparation of recommendations for adoption of resolutions related to involvement and training of highly professional specialists for election to the Board of Directors, collective executive body (Management Board) and for appointment to the positions of the General Director, top managers, heads of subsidiaries and affiliates of the Company, evaluation of their activities, procedure and amount of their remuneration, as well as recommendations on main principles of HR policy and remuneration policy.

1.4. The Committee shall be established by resolution of the Company Board of Directors and act within the powers provided to it in accordance herewith.

1.5. In its activities the Committee shall be guided by the laws of the Russian Federation, the Company Articles of Association, the Regulation on the Board of Directors, resolutions of the Board of Directors, hereby and other internal documents of the Company approved by the General Shareholders' Meeting and the Company Board of Directors, as well as resolutions of this Committee.

1.6. The Committee shall be fully accountable to the Company Board of Directors.

1.7. During its activities the Committee shall perform joint work with executive bodies of the Company and, if required, other organization units of the Company, its subsidiaries and affiliates.

1.8. The Committee's activities shall be financed at the expense of the Company's funds within the Committee's budget approved by the Board of Directors.

2. OBJECTIVES OF THE COMMITTEE

Main objectives of the Committee are as follows:

- ensuring of formation in the Company of efficient and transparent remuneration practices that are received by members of the Board of Directors, members of the collective executive body of the Company, sole executive body, key executives (top managers, heads of subsidiaries and affiliates);
- ensuring of continuity and high professional and managerial level when replacing members of the Board of Directors, members of the collective executive body (Management Board), General Director, senior managers, heads of subsidiaries and affiliates;
- ensuring of establishment of the remuneration system for members of the Board of Directors, members of the collective executive body (Management Board), General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company taking into account the interests of shareholders, ensuring of compliance of the system with the general remuneration policy of the Company and with the remuneration level of other employees, as well as ensuring of its competitiveness and compliance with existing legal standards.

3. FUNCTIONS AND TASKS OF THE COMMITTEE

3.1. For human resources (HR) policy.

3.1.1. Determination of criteria for selecting candidates to the Board of Directors, the collective executive body (Management Board), to positions of the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.2. Preliminary evaluation of candidates to the Board of Directors, the collective executive body (Management Board), to positions of the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.3. Evaluation of independence of candidates to the Board of Directors and preparation of an opinion on independence of the candidate, as well as regular analysis of compliance of independent members of the Board of Directors with independence criteria and ensuring of immediate disclosure of information on identification of circumstances when a member of the Board of Directors ceases to be independent. 3.1.4. Analysis of professional qualification of candidates nominated to the Company Board of Directors;

3.1.5. Interaction with shareholders in the context of selection of candidates to the Company Board of Directors in order to form the composition of the Board of Directors that most fully complies with objectives and tasks of the Company.

3.1.6. Making recommendations to shareholders in respect of voting on the issue of election of candidates to the Company Board of Directors.

3.1.8. Making recommendations to the Board of Directors in respect of candidates for the position of members of the collective executive body (Management Board), the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

. 3.1.10. Evaluation of composition of the Board of Directors from the point of view of professional expertise, experience and involvement of its members in work of the Board of Directors, determination of priority areas for enhancing the composition of the Board of Directors.

3.1.11. Preparation of recommendations for development of criteria and the system for evaluating work of members of the collective executive body (Management Board), the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.12. Regular evaluation of activities of members of the collective executive body (Management Board), the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company and preparation for the Board of Directors of proposals on possibility of their reappointment.

3.1.13. Annual performance evaluation of the Board of Directors and its members, determination of priority areas for enhancing the composition of the Board of Directors.

3.1.14. Planning of HR appointments, including ensuring of continuity of activities, members of the collective executive body (Management Board) and the General Director.

3.1.15. Making recommendations to the Board of Directors in respect of candidates for the position of Corporate Secretary of the Company (head of structural unit exercising the functions of the Corporate Secretary).

3.1.16. Description of individual responsibilities of members of the Board of Directors and the Chairman of the Board of Directors, including determination of time that should be spent on issues related to the Company's activities, within and outside the meetings, during scheduled and unscheduled work.

3.1.17. Annual detailed formalized procedure of self-evaluation or external evaluation of the Board of Directors and Committees of the Board of Directors from the point of view of their work effectiveness as a whole and individual contribution of members of the Board of Directors to work of the Board of Directors and its Committees, development of recommendations to the Board of Directors concerning improvement of work procedures of the Board of Directors and its Committees, preparation of the report on results of self-evaluation or external evaluation for inclusion in the Company's annual report.

3.1.18. Formation of the introductory course program for newly elected members of the Board of Directors aimed at acquainting new members of the Board of Directors with key assets of the Company, its strategy, business practices adopted by the Company, organizational structure of the Company and key executives of the Company, as well as work procedures of the Board of Directors; supervision over practical implementation of the introductory course.

3.1.19. Formation of training and advanced training programs for members of the Board of Directors taking into account the individual needs of its members, as well as supervision over practical implementation of this program.

3.1.20. Analysis of current and anticipated needs of the Company in respect of professional qualification of members of the collective executive body (Management Board) and the General Director of the Company and other key executives based on interests of

competitiveness and development of the Company, succession planning in respect of the specified persons.

3.1.21. Preparation of the report on work results of the Committee for inclusion in the annual report and other documents of the Company.

3.1.22. Determination of self-evaluation methodology and development of proposals to the Board of Directors to select an independent consultant for performance evaluation of the Board of Directors.

3.2. For the remuneration policy.

3.2.1. Development of recommendations on issues of the Company's policy in remuneration that is designed to provide incentives for effective work of members of the Board of Directors, members of the collective executive body (Management Board), the General Director, senior managers of the Company and heads of subsidiaries and affiliates of the Company:

a) development and periodic review of the Company's policy for remuneration of members of the Board of Directors, members of the collective executive body of the Company (Management Board) and the General Director, supervision over its introduction and implementation;

b) development of principles and criteria for determining the remuneration amount of the Chairman and members of the Board of Directors, members of the collective executive body (Management Board), the General Director of the Company;

c) development of parameters of short- and long-term incentives programs for members of the collective executive body (Management Board) and the General Director of the Company; d) agreement of the concept of the policy on remuneration of senior managers of the Company and heads of subsidiaries and affiliates of the Company that is submitted by the General Director for consideration by the Board of Directors;

e) development of recommendations to the Board of Directors for determining the remuneration amount and principles of awarding the Corporate Secretary (employees of the organization unit performing the functions of the Corporate Secretary) of the Company, as well as preliminary evaluation of work of the Company's Corporate Secretary following results of the year and proposals on awarding the Company's Corporate Secretary;

f) preliminary evaluation of work of the collective executive body (Management Board) of the Company and the General Director of the Company following results of the year in accordance with the Company's policy on remuneration, as well as preliminary evaluation of achievement by specified persons of the objectives set within the long-term incentives program;

g) development of conditions of early termination of employment contracts with members of the collective executive body (Management Board) of the Company and the General Director of the Company, including all material liabilities of the Company and the conditions for their provision;

h) preparation of a report on practical implementation of principles of the remuneration policy for members of the Board of Directors, members of the collective executive body of the Company and other key executives for inclusion in the annual report and other documents of the Company;

i) determination of conditions of the competition and performance of the role of the competition commission when selecting an independent consultant on issues of remuneration of members of the collective executive body of the Company and other key executives;

j) supervision over introduction and implementation of various incentives programs;

k) supervision over disclosure of information on remuneration policy and practices and on ownership of the Company's shares by members of the Board of Directors, as well as members of the collective executive body and other key executives in the annual report and on the Company's corporate website.

3.2.2. Agreement of the policy in relation to medium-term remuneration (annual and quarterly bonuses) to the Company's employees that is submitted by the General Director for consideration by the Board of Directors, agreement of allocation of funds of the premium reserve fund proposed by the General Director.

3.2.3. In the area of long-term remuneration programs for the Company employees, agreement of the policy in relation to long-term remuneration proposed by the General Director and the list of positions of employees who are subject to the programs.

3.2.4. Benchmarking and informing of the Board of Directors on the remuneration and awarding policies and programs applicable in the Company and other comparable companies. Evaluation of the Company's competitive position in remuneration. Provision of appropriate recommendations to the Board of Directors on improvement of the remuneration and awarding policy of the Company.

3.3. For social policy.

3.3.1. Evaluation of effectiveness of social programs, compliance of internal and external social policy with the Company's strategic priorities. Provision of opinion and recommendations on this issue to the Board of Directors.

3.3.2. Control over social programs from the point of view that their financing does not damage performance by the Company of its obligations to shareholders and investors.

3.3.3. Preparation of recommendations on interaction with the local community in areas where the Company operates, social and economic development of territories, charity and sponsorship.

4. RIGHTS AND OBLIGATIONS

4.1. For performance of its functions the Committee shall be entitled to request in writing with establishment of reasonable terms and obtain complete and accurate information and

documents on the Committee's activities from the management and other employees of the Company in accordance with the existing procedure.

4.2. The Committee shall perform its work in interaction with executive bodies of the Company and senior managers.

4.3. For obtaining additional (independent) information the Committee may apply to external consultants.

4.4. Within its competence and in accordance with the procedure provided for herein the Committee shall perform any other duties that may be determined by the Board of Directors, in particular, to act as a third party in resolution of disputes in corporate ethics.

4.5. Members of the Committee shall:

- take part in work of the Committee and attend its meetings or provide written opinions on the agenda items of the meeting;

- analyze the situation in the sector economics where the Company operates, as well as trends in human resources management and personnel incentives.

4.6. Members and the Secretary of the Audit Committee shall not be entitled to use for personal purposes or disclose confidential information that becomes known to them in the course of performance of obligations in accordance herewith, they shall comply with the legal regime of personal data. Persons attending the meeting of the Committee or involved in work of the Committee shall sign the appropriate Agreement with the Company on non-disclosure of confidential information.

4.7. The Committee carries out annual evaluation of its activities, including audit of compliance by the Committee herewith.

4.8. The Committee shall provide to the Board of Directors annual information on results of its activities no later than 40 days prior to the date of the Annual Shareholders' Meeting.

4.9. The Committee shall notify the Board of Directors on its activities in the period between annual meetings upon additional request of the Board of Directors, information provision terms shall be determined by the Board of Directors.

5. COMPOSITION OF THE COMMITTEE

5.1. The Committee shall consist of at least 4 members of the Board of Directors who comply with the requirements to independent Directors and, if it is impossible due to objective reasons - 3 members, majority of the Committee members shall be independent Directors and other members of the Committee may be members of the Board of Directors who are not the sole executive body and (or) members of the collective executive body of the Company.

5.2. The Chairman of the Committee shall be appointed by the Board of Directors from among the independent members of the Board of Directors who are not the Chairman of the Board of Directors for a term of office of the Board of Directors.

5.3. The Committee members shall be appointed by the Board of Directors by representation of the Chairman of the Committee.

5.4. By resolution of the Board of Directors the powers of all or some members of the Committee may be terminated early. Member of the Committee may apply to the Chairman of the Committee on resignation from membership of the Committee. The Chairman of the Committee shall initiate inclusion in the agenda of the next meeting of the Board of Directors of the issue on appointment of a new member of the Committee or approval of the Committee in a smaller composition.

5.5. Members of the Committee shall have unblemished reputation, higher education, experience in management positions in production, management, economy.

5.6. Responsibility for organization of work of the Committee shall be borne by the Chairman who shall:

- convene meetings on their own initiative or on the proposal of the Committee members, executive bodies and preside over them;
- develop the plan for work and holding of meetings for the future;
- form the agenda of meetings;
- organize keeping of minutes;
- ensure control over implementation of resolutions adopted;
- support the required functional relationships with the Company's executive bodies.

5.7. The Secretary of the Committee shall be appointed by resolution of the Committee. Any member of the Committee, one of the employees of the Board of Directors, full-time employee of the Company may be appointed as the Secretary of the Committee.

6. WORK PROCEDURE OF THE COMMITTEE

6.1. The first meeting shall be held no later than 30 days upon appointment of the Chairman and new composition of the Committee.

6.2. Meeting of the Committee shall be held in accordance with the work plan of the Committee.

6.3. Extraordinary meeting of the Committee shall be held at the request of the Board of Directors, Chairman of the Committee.

6.4. Resolution on holding the meeting of the Committee, date, time and venue, agenda and list of persons invited to the meeting shall be adopted by the Chairman of the Committee.

6.5. The Committee meeting shall be considered to be authorized if it is attended by at least half of the elected composition of the Committee.

6.6. The Committee meeting may be held in the form of joint presence of the Committee members or in the form of absentee voting.

In case of holding the meeting in the form of joint presence, for good reasons the Committee members who cannot attend the meeting shall be entitled to send a written opinion on the agenda items of the meeting to the Chairman of the Committee.

6.7. On resolving on the agenda items each member of the Committee has one vote, resolution shall be adopted by the Committee by simple majority of votes participating in the meeting of the Committee members. In case of equality of votes, vote of the Chairman of the Committee shall be the casting one.

6.8. On issues within competence of the Committee determined herein the Committee shall provide an opinion that should reflect the Committee's opinion as a whole, conclusions and recommendations of the Committee on the issue considered.

6.9. No later than 3 days upon the meeting the minutes shall be prepared and signed by the Chairman of the Committee. The minutes shall specify the following:

- date, time and venue;
- list of the Committee member who attended the meeting (including the ones who sent written opinions);
- list of persons invited and attended the meeting;
- agenda;
- resolutions adopted.

Materials and documents approved by the Committee shall be attached to the minutes.

6.10. The Committee shall inform the Board of Directors on resolutions adopted during work of the Committee on the meeting of the Board of Directors after completion of work of the Committee.

6.11. To ensure the Committee's activities the related costs may be provided for within the budget for maintenance of the Board of Directors. Proposals on the amount of expenses shall be considered at the Committee meeting and sent to the Board of Directors for subsequent consideration and approval.

7. RESPONSIBILITY OF THE COMMITTEE

7.1. Members of the Committee shall be responsible in accordance with the Federal Law On Joint Stock Companies, the Articles of Association, the Code of Corporate Governance and other internal documents of the Company.

8. FINAL PROVISIONS

8.1. This Regulation shall come into force upon its approval by resolution of the Board of Directors.

8.2. This Regulation shall be effective until a resolution on its amendment is adopted by the Board of Directors, or a resolution to recognize the Regulation void.

8.3. Amendments herein shall be introduced by resolution of the Board of Directors.

8.4. If norms hereof come into conflict with the applicable laws of the Russian Federation, the laws of the Russian Federation shall be applied.

8.5. If norms hereof come into conflict with requirements of the Articles of Association and the Regulation on the Board of Directors, the priority shall be given to provisions of the Articles of Association and the Regulation on the Company Board of Directors.

8.6. Responsibility for bringing this Regulation in compliance with the applicable laws of the Russian Federation, the Articles of Association and the Regulation on the Board of Directors shall be borne by the Chairman of the Company Board of Directors.

8.7. If some clauses hereof are found invalid, it does not entail finding other clauses hereof invalid.