



APPROVED BY

**the Resolution of the Board of Directors of
Mechel Public Joint-Stock Company
Minutes w/o No. dated December 29, 2021**

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

REGULATIONS

**ON THE APPOINTMENT AND REMUNERATION COMMITTEE
of the Board of Directors of Mechel Public Joint-Stock Company**

Moscow

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1. GENERAL PROVISIONS

1.1. These Regulations on the Appointment and Remuneration Committee of the Board of Directors of Mechel Public Joint-Stock Company (hereinafter referred to as the Regulations) have been developed in accordance with the legislation of the Russian Federation, recommendations contained in the Corporate Governance Code (approved by Letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014), the Articles of Association of Mechel PJSC (hereinafter referred to as the Company), the Regulations on the Board of Directors of the Company and other internal documents of the Company, as well as the Listing Rules of PJSC Moscow Exchange, requirements and regulations for joint-stock companies whose shares are traded in the form of depositary receipts on the New York Stock Exchange.

1.2. The Regulations define the main tasks and objectives, authority and competence of the Appointment and Remuneration Committee of the Board of Directors of the Company (hereinafter referred to as the Committee) and its members, their rights and obligations, composition of the Committee, procedure for forming the composition of the Committee, establish the procedure for the activities and interaction of the Committee with other management bodies of the Company, procedure for convening and holding meetings of the Committee, adopting and executing its resolutions, as well as regulate other issues related to its activities.

1.3. The Committee shall be established for the purpose of the preliminary consideration and development of the recommendations to the Board of Directors of the Company on issues related to the preparation of the efficient and transparent remuneration practice, performance assessment and planning of personnel appointments, adoption of resolutions on attracting and training highly qualified specialists for election to the Board of Directors of the Company, collegiate executive body (Board), as well as the appointment of the Director General, senior managers, heads of subsidiaries and affiliates of the Company, assessment of their activities, procedure and amounts of their remuneration, as well as consideration of other key issues of the HR policy and the remuneration policy.

1.4. The Committee shall be established on the basis of the resolution of the Board of Directors of the Company and act within the powers granted to it in accordance with the Regulations.

1.5. In the performance of its activities, the Committee shall be guided by the legislation of the Russian Federation, the Articles of Association of the Company, the Regulations on the Board of Directors of the Company, resolutions of the Board of Directors of the Company, the Regulations and other internal documents of the Company approved by the General Meeting of Shareholders and the Board of Directors of the Company, as well as resolutions of the Committee. In the performance of its activities, the Committee shall perform the joint activities together with the executive bodies of the Company and, if necessary, other structural units of the Company and its subsidiaries and affiliates.

1.6. The Committee shall be fully accountable to the Board of Directors of the Company. All proposals to the Board of Directors of the Company prepared by the Committee will be advisory in nature.

2. Objectives of the Committee

2.1. The main objectives of the Committee are the following:

- ensuring the development of the efficient and transparent practice of remuneration, which is received by the members of the Board of Directors of the Company, members of the collegial executive body of the Company, sole executive body and key executives (senior managers, heads of subsidiaries and affiliates), as well as the corporate secretary of the Company, in the Company;

- protection of the interests of the Company's shareholders by ensuring succession and raising the high professional and managerial level of the members of the Board of Directors of the Company, members of the collegial executive body (Management Board), Director General, senior managers, heads of subsidiaries and affiliates, as well as the corporate secretary of the Company;
- ensuring the establishment of the parameters for short-term and long-term incentive programmes for the members of the Board of Directors of the Company, members of the collegial executive body (Management Board), Director General, senior managers, heads of subsidiaries and affiliates, as well as the corporate secretary of the Company;
- ensuring the development of the system for the early termination of employment agreements with any members of the Company's executive bodies and other key executives, including all material obligations of the Company and the conditions for their provision;
- ensuring the establishment of the remuneration system for all members of the Board of Directors, members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company, as well as the corporate secretary of the Company, while considering the interests of shareholders, ensuring compliance of the system with the general remuneration policy valid in the Company and with the level of remuneration of other employees, as well as ensuring its competitiveness and compliance with existing legal regulations.

3. Functions and Tasks of the Committee

3.1. HR Policy.

3.1.1. Determination of the criteria regarding the selection of candidates for members of the Board of Directors, members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.2. Preliminary assessment of candidates for members of the Board of Directors, members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.3. Assessment of independence of all candidates to the Board of Directors and the preparation of the opinion on the independence of a candidate, as well as the regular analysis of compliance of each independent member of the Board of Directors with the independence criteria and ensuring the immediate disclosure of all information on the identification of the circumstances due to which a member of the Board of Directors ceases to be independent.

3.1.4. Analysis of the professional qualifications of the candidates nominated to the Board of Directors of the Company.

3.1.5. Interaction with the Company's shareholders in the context of the selection of candidates for the Board of Directors of the Company in order to form the composition of the Board of Directors that complies with the task and objectives of the Company in the best way.

3.1.6. Preparation of the recommendations to the Company's shareholders regarding the election of candidates to the Board of Directors of the Company, while considering the candidates proposed by the shareholders for their election to the Board of Directors of the Company.

3.1.7. Interaction with the Company's shareholders in the context of inviting the candidates nominated for election to the Board of Directors to the General Meeting of Shareholders in order to provide the shareholders with the opportunity to communicate and assess such candidates.

3.1.8. Determination of the criteria to the Board of Directors regarding the selection of candidates for members of the Board of Directors, members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.9. Assessment of the composition of the Board of Directors in terms of professional specialization, experience and involvement of its members in the activities of the Board of Directors, determination of the priority areas for strengthening the composition of the Board of Directors.

3.1.10. Preparation of the recommendations on the development of the criteria and system for assessing the activities of the members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company.

3.1.11. Regular assessment of the activities of the members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company and the preparation of proposals to the Board of Directors on the possibility of their reappointment.

3.1.12. Annual assessment of the performance of the Board of Directors and its members, determination of the priority areas for strengthening the composition of the Board of Directors.

3.1.13. Planning of appointments (in particular, considering the continuity of activities) of the members of the collegial executive body (Management Board) and the Director General.

3.1.14. Preparation of the recommendations to the Board of Directors regarding all candidates for the position of the Company's corporate secretary (head of the structural unit performing the functions of the corporate secretary).

3.1.15. Determination and description of individual obligations of the members of the Board of Directors and the Chairman of the Board of Directors, including the determination of the period that should be devoted to the issues related to the Company's activities (during the meetings or not) in the performance of any scheduled and unscheduled activities.

3.1.16. Performance of the annual detailed procedure for the self-assessment or external assessment of the Board of Directors and Committees of the Board of Directors in terms of the efficiency of their activities in general, as well as the individual contribution of members of the Board of Directors to the activities of the Board of Directors and its Committees, preparation of the recommendations to the Board of Directors regarding the improvement of the procedures of the Board of Directors and its Committees, preparation of the report on the results of the self-assessment or external assessment for inclusion in the annual report of the Company.

3.1.17. Preparation of the introductory course programme for all newly elected members of the Board of Directors aimed at familiarizing new members of the Board of Directors with the key assets of the Company, its strategy and business practices adopted by the Company, organizational structure of the Company and key executives of the Company, as well as the procedures of the Board of Directors; monitoring over the practical implementation of the introductory course.

3.1.18. Preparation of the training and advanced training programme for the members of the Board of Directors, while considering the individual needs of its individual members, as well as the supervision over the practical implementation of the programme.

3.1.19. Analysis of the current and expected needs of the Company in relation to the professional qualifications of the members of the collegial executive body (Management Board) and the Director General of the Company and other key executives in compliance with the interests of the competitiveness and development of the Company, as well as the plan for ensuring succession of such persons.

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

3.1.21. Determination of the self-assessment methodology and the development of proposals to the Board of Directors for the selection of an independent consultant to assess the activities of the Board of Directors.

3.2. Remuneration Policy.

3.2.1. Preparation of the recommendations on the Company's remuneration policy, which is intended to provide incentives for the efficient work to any members of the Board of Directors, members of the collegial executive body (Management Board), Director General, senior managers of the Company and heads of subsidiaries and affiliates of the Company, as well as the corporate secretary of the Company:

a) preparation and periodic review of the Company's remuneration policy to any members of the Board of Directors, members of the collegial executive body of the Company (Management Board) and the Director General, supervision over its implementation;

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

c) establishment of the parameters for short-term and long-term incentive programmes for any members of the collegial executive body (Management Board) and the Director General of the Company;

d) approval of the policy concept regarding remuneration of the Company's senior managers and heads of subsidiaries and affiliates of the Company, which is submitted to the Board of Directors by the Director General;

e) preparation of the recommendations to the Board of Directors regarding the determination of the amount of remuneration and the principles for the remuneration of the corporate secretary (employees of the structural unit performing the functions of the corporate secretary) of the Company, as well as the preliminary assessment of the activities of the corporate secretary of the Company at the end of the year and various proposals for the remuneration of the corporate secretary of the Company;

f) preliminary assessment of the activities of the collegial executive body (Management Board) of the Company and the Director General of the Company at the end of the year in accordance with the Company's remuneration policy, as well as the preliminary assessment of the achievement of the objectives, which are established as part of the relevant long-term incentive programme, by such persons;

g) establishment of the conditions for the early termination of employment agreements with any members of the collegial executive body (Management Board) of the Company and the Director General of the Company, including all material obligations of the Company and the conditions for their performance;

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

i) determination of the conditions of competition and acting as the competition commission when choosing an independent consultant on remuneration of any members of the collegial executive body of the Company and other key executives;

j) supervision over introduction and implementation of various incentive programmes;

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

3.2.2. Approval of the policy regarding the medium-term remuneration (annual, quarterly bonuses) of the Company's employees, which is submitted for consideration by the Board of Directors by the Director General, approval of the distribution of the reserve fund proposed by the Director General.

3.2.3. In the area of the long-term remuneration programmes of the Company, ensuring compliance of the long-term remuneration policy proposed by the Director General and the list of positions of employees covered by the programmes.

3.2.4. Benchmarking and notification of the Board of Directors of all remuneration policies and programmes, which are valid in the Company and in other comparable companies. Assesses the competitive position of the Company in the field of remuneration. Gives the appropriate recommendations to the Board of Directors on the improvement the Company's remuneration policy.

3.3. Social Policy.

3.3.1. Assessment of the efficiency of social programs, compliance of internal and external social policy with the strategic priorities of the Company. Provision of the relevant opinion and recommendations on this issue to the Board of Directors.

3.3.2. Monitoring over implementation of various social programmes for confirming that their financing does not take place at the expense of the Company's performance of its obligations to shareholders and investors.

3.3.3. Preparation of the recommendations on issues of interaction with the local community in the territories where the Company perform its activities, social and economic development of territories, charity and sponsorship.

4. RIGHTS AND OBLIGATIONS

4.1. The Committee shall be entitled to:

4.1.1. Request in writing and within a reasonable period of time and receive all complete and reliable information, documents and explanations on the activities of the Committee from the management and other employees of the Company (according to the existing procedure) from the management and other employees of the Company.

4.1.2. Hold meetings with the executive bodies of the Company, senior managers and heads of the Company's HR services in order to discuss the issues of the Committee's activities.

4.1.3. For additional (independent) information please contact external consultants and experts.

4.2. The Committee shall:

4.2.1. According to the applicable legislation and internal documents of the Company, provide recommendations to the Board of Directors on issues that are within the competence of the Committee.

4.2.2. Submit all reports on the activities performed in accordance with the plan of the Board of Directors, as well as extraordinary reports, to the Board of Directors at the request of the Board of Directors.

4.2.3. Promptly notify the Board of Directors of their reasonable concerns and any circumstances that are not typical for the Company's activities that become known to the Committee in relation to the exercise of its powers.

4.2.4. The Committee shall assess its activities, including the verification of the Committee's compliance with the Regulations, as well as the assessment of its composition and competence, at least one (1) time per year.

4.2.5. The Committee shall perform any other obligations that may be determined by the Board of Directors within its competence and in accordance with the procedure stipulated by the Regulations.

4.3. Members of the Committee shall be entitled to:

4.3.1. Make proposals when preparing the schedule of meetings of the Committee for the forthcoming period in compliance with the period stipulated by the Company's internal documents.

4.3.2. Familiarize with the minutes of the meetings of the Committee, receive copies (extracts) from such minutes in compliance with the requirements for the protection of confidential and other information protected by law and the internal documents of the Company.

4.3.3. Request to include own opinion on the agenda items and resolutions in the minutes of the meeting of the Committee.

4.3.4. Make proposals, discuss and vote on the agenda of the meeting of the Committee.

4.3.5. Exercise other powers determined by the Board of Directors.

4.4. Members of the Committee shall:

4.4.1. Participate in the activities of the Committee and attend its meetings or provide their written opinions on the items of the agenda of the meeting.

4.4.2. Analyze the situation in the sector of the economy where the Company is represented, as well as trends in the field of human resource management and personnel incentives.

4.4.3. Conscientiously perform own obligations as a member of the Committee, act honestly and responsibly in the interests of the Company, not use own position to the detriment of the interests of the Company.

4.4.4. Immediately notify the Chairman of the Committee of the occurrence of any conflict of interest or personal interest in the adoption of a particular resolution, refrain from any recommendations on the agenda items under consideration if there is a personal interest or conflict of interest.

4.5. All members and the Secretary of the Committee shall not be entitled to use for personal purposes or disclose any confidential information that becomes known to them in the performance of their obligations in accordance with the Regulations and is required to comply with the legal status of personal data. The persons participating in the meeting of the Committee or involved in the activities of the Committee shall sign the relevant agreement with the Company on the non-disclosure of insider and other confidential information.

4.6. The Committee shall provide the annual information on the results of its activities to the Board of Directors not later than forty (40) days before the date of the annual meeting of shareholders.

4.7. The Committee shall notify the Board of Directors of its activities in the period between the annual meetings at the additional request of the Board of Directors, while the period for providing the relevant information should be determined by the Board of Directors.

4.8. The transfer of the right to vote by a member of the Committee to another person, including another member of the Committee, shall not be allowed.

5. COMPOSITION OF THE COMMITTEE

5.1. The Committee shall consist of at least four (4) members of the Board of Directors, who comply with the requirements for independent directors, and (if it is not possible due to any objective reasons) three (3) members of the Board of Directors, the majority of the members of the Committee shall be independent directors, and the remaining members of the Committee may be the members of the Board of Directors who are not the sole executive body and (or) members of the collegial executive body of the Company.

5.2. All members of the Committee and the Chairman of the Committee shall be appointed by the Board of Directors from among the independent members of the Board of Directors.

At the same time, the Chairman of the Board of Directors may not be appointed as the Chairman of the Committee.

5.3. The powers of the members of the Committee shall be terminated simultaneously with the powers of the relevant Board of Directors.

5.4. By the relevant resolution of the Board of Directors, the powers of all members (or part of them) of the Committee may be terminated in advance. Each member of the Committee may submit an application to the Chairman of the Committee in order to resign from own duties as a member of the Committee. The Chairman of the Committee shall initiate the inclusion of the issue of appointing a new member of the Committee or approving the Committee with a smaller number of members in the agenda of the next meeting of the Board of Directors.

5.5. Candidates to members of the Committee shall have an impeccable reputation, higher education, work experience in senior positions in the field of production, management and economics.

5.6. The Chairman shall be liable for organizing the activities of the Committee if he/she:

- convenes, on his/her own initiative or at the suggestion of any members of the Committee or executive bodies, meetings and presides over them;
- prepares the plan of activities and the schedule of meetings for the future;
- prepares the agenda of meetings;
- organizes the keeping of minutes of meetings;
- ensures the monitoring over the execution of resolutions adopted;
- maintains the necessary functional relations with the executive bodies of the Company.

5.7. The Secretary of the Committee may be appointed by the relevant resolution of the Committee. A member of the Committee, full-time employee of the Company or any involved person may be appointed as the Secretary of the Committee.

5.8. Functions of the Secretary of the Committee:

- ensures the preparation and holding of the meetings of the Committee and the collection and systematization of materials for such meetings;
- timely sends all notices of holding the meetings of the Committee, agenda of such meetings and materials on the agenda items to the members of the Committee and invited persons;
- prepares the minutes of the meetings of the Committee;

- organizes the maintenance and storage of the archive of the Committee;
 - monitors strict compliance with the requirements of the Regulations under the supervision of the Chairman of the Committee;
 - ensures the existence of the written obligations on non-disclosure of information of third parties participating in the meetings of the Committee;
 - keeps records of correspondence addressed to the Committee and/or its Chairman and/or its members (including inquiries and appeals) and organizationally ensures the preparation of the appropriate responses, clarifications and resolutions of the Committee to any incoming correspondence in a different form;
 - provides the members of the Committee with the correspondence that is received by them and does not contain any request or proposal to bring the relevant issue to discussion during the meeting of the Committee and, if necessary, assists the members of the Committee in preparing responses to letters, requests, etc.;
 - keeps a log of official correspondence (incoming and outgoing documentation) of the Committee;
 - monitors compliance with the period established for the Committee by the relevant resolutions of the Board of Directors or other resolutions and promptly notifies the Chairman of the Committee of the occurrence of any deviations.
- 5.9. If the Secretary of the Committee is not appointed, his/her functions stipulated by the Regulations shall be performed by the Chairman of the Committee.

6. PROCEDURE OF THE COMMITTEE

6.1. The first meeting shall be held not later than thirty (30) days from the date of appointment of the Chairman and the new composition of the Committee.

6.2. Each meeting of the Committee shall be held in accordance with the agenda.

6.3. An extraordinary meeting of the Committee shall be held at the request of the Board of Directors and the Chairman of the Committee.

6.4. The resolution to hold any meeting of the Committee, its date, time and place, the agenda and the list of persons invited to the meeting shall be made by the Chairman of the Committee.

6.5. The meeting of the Committee shall be considered valid if at least half of the elected members of the Committee participates in it.

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

If the meeting is held in the form of joint attendance, the members of the Committee, who are not able to participate in the meeting for any valid reasons, shall be entitled to send the written opinion on the agenda items of the meeting to the Chairman of the Committee.

The persons who are not the members of the Committee may participate in any meeting of the Committee only at the invitation of the Chairman of the relevant Committee.

6.7. When adopting resolutions on the agenda items, each member of the Committee will have one (1) vote, the resolution of the Committee shall be adopted by a simple majority of votes of the members of the Committee participating in the meeting. In case of equality of votes, the vote of the Chairman of the Committee shall be casting.

6.8. Regarding any issues of the competence of the Committee determined by the Regulations, the Committee shall submit the relevant opinion, which will reflect the opinion of the Committee as a whole, as well as the conclusions and recommendations of the Committee on issue under consideration.

6.9. The minutes of the meeting shall be prepared and signed by the Chairman of the Committee not later than three (3) days from the date of the meeting. The minutes of the meeting shall include:

- date, time and place of the meeting;
- list of all members of the Committee participating in the meeting (including those who submitted written opinions);
- list of all persons invited and participated in the meeting;
- agenda;

- resolutions adopted.

The minutes of the meeting shall be accompanied by all materials and documents approved by the Committee.

6.10. The Committee shall notify the Board of Directors of the resolutions adopted in the performance of the Committee's activities at the meeting of the Board of Directors after the end of the meeting.

6.11. In order to ensure the performance of the activities of the Committee within the budget for the maintenance of the Board of Directors, the appropriate costs may be considered. All proposals on the amount of costs shall be considered at the meeting of the Committee and sent to the Board of Directors for further consideration and approval.

7. LIABILITY OF THE COMMITTEE

7.1. All members of the Committee shall be liable in accordance with the provisions of the Federal Law "On Joint-Stock Companies", the Articles of Association, the Corporate Governance Code and other internal documents of the Company.

7.2. In the performance of the obligations of the Chairman of the Committee, a member of the Committee or the Secretary of the Committee, as well as after the expiry of powers in the Committee, the persons, who are (were) the members of the Committee, shall perform the confidentiality obligation in relation to all information received in relation to their activities in the Committee and not publicly available and be liable for the disclosure of any information constituting state and trade secrets. The concept of the confidential information that is not publicly available in relation to the activities of the Company and its scope shall be established in the internal document of the Company approved by the Board of Directors.

8. FINAL PROVISIONS

8.1. These Regulations shall enter into force from the date of their approval by the resolution of the Board of Directors of the Company.

8.2. The Regulations shall be valid until the Board of Directors adopts the resolution to amend or consider them as null and void.

8.3. All amendments and supplements hereto shall be approved by the Board of Directors of the Company.

8.4. If any provisions of the Regulations contradict the legislation of the Russian Federation, the provisions of the legislation of the Russian Federation shall be applied.

8.5. If any provisions of the Regulations contradict the requirements of the Articles of Association or the Regulations on the Board of Directors, the provisions of the Articles of Association and the Regulations on the Board of Directors of the Company shall prevail.

8.6. Liability for bringing the Regulations in compliance with the requirements of the applicable legislation of the Russian Federation, the Articles of Association and the Regulations on the Board of Directors shall be imposed on the Chairman of the Board of Directors of the Company.

8.7. The invalidation of certain clauses of the Regulations does not entail the invalidity of other clauses of the Regulations.