

6.5

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has three standing committees: Audit Committee, Nomination and Remuneration Committee and Strategy Committee. The committees have been formed in compliance with the Corporate Governance Code of OAO TMK, which specifically requires that the Audit Committee and the Nomination and Remuneration Committee include independent directors only or, if reasonably impossible, independent directors and non-executive directors only.

Committee members remained unchanged in 2014.

PARTICIPATION OF BOARD MEMBERS IN BOARD AND COMMITTEE MEETINGS IN 2014

	Board of Directors (30 meetings)	Audit Committee (9 + 1 joint meetings)	Nomination and Remuneration Committee (7 + 1 joint meetings)	Strategy Committee (5 + 2 joint meetings)
D. Pumpyanskiy (Chairman)	30			
M. Alekseev	30	6	8	
A. Kaplunov	30			
Peter O'Brien	30	10		
S. Papin	30		8	
E. Blagova	27			
R. Foresman	28		6	
I. Khmelevskiy	30	10		
A. Shiryaev	30			7
A. Shokhin	30			7
O. Schegolev	30			7

AUDIT COMMITTEE

Peter O'Brien	Chairman of the Audit Committee, independent director
M. Alekseev	Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee, independent director
I. Khmelevskiy	Member of the Audit Committee, non-executive director

Peter O'Brien, Chairman of the Audit Committee, and M. Alekseev, Member of the Audit Committee, comply with the Russian Corporate Governance Code recommendations for the reporting review and assessment competencies.

In 2014 and from 1 January 2015 to 31 March 2015, the Audit Committee's principal activities included the following:

- analysis of the accounting policies and oversight of the Company's financial statements;
- review of the Company's standards and procedures for internal control and risk management, assessment of the efficiency of the respective systems and development of recommendations for their improvement;
- review of the plans and reports of the Internal Audit Department, including as regards preventing the abuse of the insider information, assessment of the Department's performance;
- cooperation with the Revision Committee;
- presentation of recommendations to the Board of Directors as regards selecting an external auditor, assessment of the external auditor's independence;
- review of the audit plan and scope, active discussions with the external auditor of matters arising out of the audit.

OVERSIGHT OF THE EXTERNAL AUDIT BY THE AUDIT COMMITTEE

The Committee reviewed the following key matters regarding the preparation and audit of TMK's FY 2014 and interim consolidated and separate accounting (financial) statements:

- development of the audit plan for the consolidated financial statements of TMK Group (TMK and subsidiaries) prepared for the financial year in accordance with the International Financial Reporting Standards (IFRS);
- external auditor's opinion on TMK's accounting (financial) statements prepared under the Russian law and on TMK Group's consolidated financial statements in accordance with IFRS;
- review of the letter from TMK's external auditor regarding the internal control issues based on the results of the annual audit, assessment of the Company's existing controls for the preparation of financial statements;
- assessment of the external auditor's performance and work quality;
- selection of an external independent auditor of TMK's consolidated and separate accounting (financial) statements for 2015-2017.

The Audit Committee has reviewed TMK's financial statements prepared under the Russian accounting (financial reporting) standards together with the auditor's opinion and has recommended that the Board of Directors submit the annual accounting (financial) statements for approval at the Annual General Meeting of Shareholders.

The Committee reviewed and gave a positive assessment of external and internal audit.

NOMINATION AND REMUNERATION COMMITTEE

M. Alekseev	Chairman of the Nomination and Remuneration Committee and member of the Audit Committee, independent director
S. Papin	Member of the Audit Committee, non-executive director
Robert Mark Foresman	Member of the Nomination and Remuneration Committee, independent director

The Nomination and Remuneration Committee seeks to create a favourable environment for the engagement of qualified personnel in the Company's governance and incentives for their efficient performance, as well as to streamline the corporate governance system and align it with the best international practices.

In the reporting period, the Committee reviewed and presented to the Board of Directors recommendations that included:

- assessment of the performance of the Company's top executives in the previous reporting period, core KPIs and incentive terms for the next planning period;
- matters related to development of a uniform compensation policy at TMK's American Division;
- matters pertaining to standardising the corporate governance system, streamlining the organisational structure and optimising headcount of the management and various employees at TMK plants;
- organisational and staff matters in the operation of TMK divisions;
- matters related to the activities of the NGS* companies of TMK's Russian Division;
- matters pertaining to remuneration of the Company's directors;
- headcount and payroll indicators for TMK divisions' budget for the planned period, monitoring of productivity indicators and quick response to changes in economic environment;
- matters related to consistent employee training and development;
- current and future HR focus areas, development of professional standards, assessment of working conditions, organisation of the youth scientific and technical conference;
- activity planning of TMK's corporate governance bodies, preparation and organisation of the Annual General Meeting of Shareholders.

* NGS companies are oilfield service companies

Additionally, the Committee presented to the Board of Directors recommendations on electing the Chairman and members of the Board and its Committees for the corporate year, as well as on the affirmation of the CEO's authority for a new period and on electing the members of the Management Board.

The Committee carried out comprehensive assessment of the corporate governance framework and outlined its development objectives. The Committee's recommendations aided the Board of Directors in making well-balanced decisions supported by effective implementation and control tools.

In the reporting period, the Committee followed the approved Regulations on the Nomination and Remuneration Committee and the Action Plan, which was duly amended on an as-needed basis to match the Company's priorities.

The Committee meetings were regularly attended by TMK's top executives and top managers, which facilitated efficient communication and resulted in more thought-out and constructive recommendations.

STRATEGY COMMITTEE

A. Shokhin	Chairman of the Audit Committee, independent director
O. Schegolev	Committee member, independent director
A. Shiryaev	Committee member, CEO, Chairman of the Management Board

The Strategy Committee's duties are to develop recommendations on the Company's business priorities and its growth strategy and present these to the Board of Directors.

In 2014, the Committee reviewed and presented to the Board of Directors recommendations on the following key matters:

- implementation of TMK's 2020 Business Plan;
- analysis and monitoring of TMK's target markets through 2017;
- TMK's investment programme for 2014;
- TMK's technical sales system;
- TMK's budget for 2014;
- recommendations on M&A transactions, asset disposal and joint ventures;
- risks map for 2014 and measures to mitigate key risks in 2014;
- dividend payout recommendations based on the Company's dividend policy.