

SOCIAL PARTNERSHIP



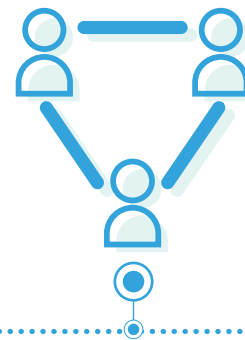
A single colony
of triple eutectic —
the main structural
component
of a high-strength
zinc-aluminum-
magnesium coating

Scale 1 : 10,000

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Stakeholder dialogue

Our approach to stakeholder engagement



38,900
employees

participated in NLMK Pulse survey

NLMK Group's sustainable development is built on a foundation of transparent, trust-based stakeholder engagement over the long term. [GRI 102-16](#)

In developing our approach to managing stakeholder engagement, we are guided by international and corporate standards, and we are committed to identifying and taking into account the interests and needs of the company's key stakeholders. The general principles for our communication and engagement with stakeholders can be found in our Corporate Ethics Code, Corporate Governance Code, Supplier Code of Conduct, Anti-Corruption Policy, Human Rights Policy, and other NLMK

corporate documents, published on [NLMK's website](#).

[GRI 102-43](#) [GRI 102-40](#)

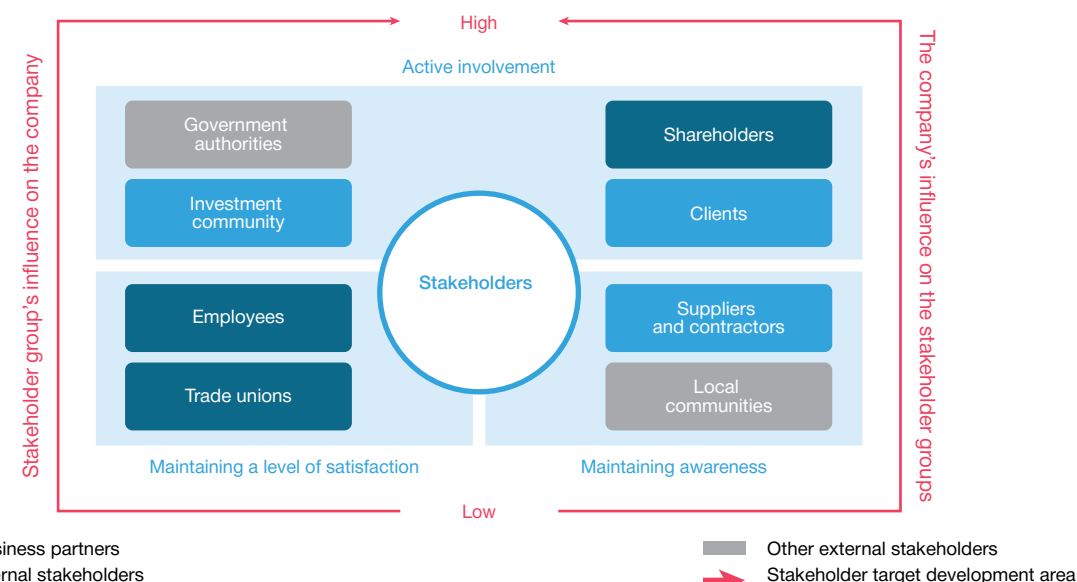
NLMK's key stakeholder groups are:

- Shareholders
- Company clients
- National, and regional government authorities
- Investment and banking community
- Company employees
- Trade unions
- Suppliers and contractors
- Local communities

NLMK maintains a list of stakeholders and prioritizes them according to mutual influence and convergence of interests.

The company's stakeholder map is based on the needs and interests of stakeholders and NLMK Group, as well as expert assessments from the company's management, and is regularly reviewed and updated as necessary. In 2021, the stakeholder map did not undergo any significant changes. [GRI 102-42](#)

NLMK stakeholder map in 2021



NLMK uses various means to engage with stakeholders, thereby enabling the company to rapidly identify risks and opportunities when working together with its stakeholders. In 2021, the company continued to maintain an active dialogue with all of its stakeholders. [GRI 413-1](#)

Results of stakeholder engagement [GRI 102-44](#) [GRI 102-21](#)

Government authorities

Importance for NLMK

As a major global manufacturing company that has a presence in seven countries and five regions of the Russian Federation, NLMK encounters government regulations in various areas of its operational activities. Given the intense competition and market volatility, it is essential to have a stable regulatory environment that provides opportunities for long-term planning and sustainable business management.

A key goal of our engagement with the government authorities is to identify and manage risks in order to ensure the company's continuous operation and development. We also strive to assist in the creation of a regulatory environment that would enable the company to meet its obligations before society. As represented by its Government Relations Department, the company thus engages on an ongoing basis with state authorities, as well as social, industry, and expert organizations in each country and region where it operates.

For the purposes of regulatory agenda setting, NLMK participates in the formulation and consolidation of the business community's position, presenting it at state authority platforms and participating in industry-specific meetings. The company also represents and defends its interests on the internal and external markets through government and public forums, such as the World Trade Organization, the Russian Union of Industrialists and Entrepreneurs, the Russian Steel Association, public councils and advisory bodies of federal and regional authorities, and with the government authorities.

A key component of the company's approach is providing assistance to its functional units on issues concerning the formulation of the company's position when engaging with government authorities. This helps functional experts work more efficiently, respond to various state authority demands in a more effective and informed manner, and put forward the necessary regulatory initiatives.

Stakeholder interests

- Compliance with legislative requirements
- Meeting tax obligations
- Monitoring and assessing normative legal risks
- Developing initiatives to improve the company's regulatory activities
- Developing local communities
- Enhancing social engagement in areas where the company operates
- Reducing the environmental footprint
- Access to markets of finished products and materials

Forms of engagement

- Meetings with representatives of foreign, national, regional, and municipal state authorities
- Participation in advisory bodies, expert working groups, and public hearings
- Engagement through industry-specific and public associations
- Annual disclosure of information about payments to governments
- Involvement in policy-making processes in accordance with the procedures stipulated by law
- Representing company interests in procedures of limiting market access

Consumers

Importance for NLMK

The consumers of NLMK products include leading manufacturers from various regions and industrial sectors: steelmaking, construction, automotive industry, machine- and shipbuilding, and pipe manufacturing. By openly engaging with consumers, we are able to increase their satisfaction, loyalty, and trust and help grow sales of NLMK products.

NLMK strives to create a client-centred system that allows us to track and predict fluctuations in consumer demand and to satisfy and anticipate our clients' changing needs and expectations.

NLMK is continuously monitoring customer experience through Customer Journey Mapping. This method helps study the points of contact between the client and the company on various customer journeys (such as the development of new products, delivery, etc.). At each point, customer experience is analysed and corrective measures are elaborated, if necessary.

In the current strategic cycle, NLMK Group has set and is monitoring the following key customer service indicators:

- Delivery terms, including OTIF
- Product support (new product and service development, technical support, consideration of claims/complaints)
- Customer interaction (electronic document flow, order status information, etc.)
- Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT)

In order to increase customer satisfaction, NLMK Group established a claim consideration procedure that fully complies with international standards for quality management systems (ISO 9001:2015 and IATF 16949:2016). All deficiencies detected by consumers are registered and analysed in order to elaborate corrective measures and to develop actions for continuous quality and service improvement.

Another principle guiding the company's activities is preventing any potential risk of harm related to the use of the Group's products or packaging. This principle concerns chemical, radiation, fire, and phytosanitary safety. The framework we use to determine the safety characteristics of our products includes European Union directives and regulations (RoHS2, ELV, WEEE, and REACH).

NLMK employs a variety of sales channels, including rapidly growing online sales. Sales managers in all units work with the company's clients on a daily basis.

Stakeholder interests

- Compliance with contractual obligations
- High-quality products
- Development of a product line policy
- Competitive pricing
- Timely and reliable deliveries

Forms of engagement

- Developing a sales channel network
- Monitoring customer satisfaction
- Holding coordinating councils
- Addressing customer claims
- Holding and participating in public events, business meetings, and negotiations
- Raising public awareness through materials in the media and on our website

Shareholders and the investment and banking community

Importance for NLMK

Shareholders own our business and influence the course of NLMK's development. The company is committed to safeguarding their interests.

To ensure that NLMK remains an attractive investment, the company provides the investment community with information about our performance that is as complete and up-to-date as possible, and also actively engages with banks, which are a source of capital for the company.

The key goals of our engagement with investors, shareholders and banks are to establish and maintain long-term connections and to provide timely information on the company's financial and non-financial performance, as well as its development plans.

The unit in charge of engaging with the investment community is the Corporate Finance and Investor Relations Department.

Shareholders and the investment and banking community

Stakeholder interests

- Consistent improvement in the company's financial and non-financial performance
- Growth in the company's shareholder value
- Transparency and disclosure
- Investment appeal, stability and sustainable practices of the company

Forms of engagement

- Disclosing information in various public sources: the company publishes its operating and financial performance reports on a quarterly basis
- Official visits for current and potential investors to the Group's sites: due to the COVID-19 pandemic, in 2020 and 2021 investor visits to sites were suspended to ensure the safety of employees and investors
- Participating in Russian and international investment conferences
- Holding business meetings, both one-on-one and in groups: we held 380 meetings with investors in various formats
- Regular exchange of information and responses to requests

[For more details on shareholder and investor engagement, see the Information for Shareholders and Investors section](#)

Employees

Importance for NLMK

NLMK employees are essential to the company's stability, ensuring that the business can operate and grow successfully.

Creating a highly qualified and motivated team is a key goal of our engagement with staff and an integral factor behind NLMK's leading position in the industry.

NLMK provides decent working conditions for its employees and continues to develop financial and non-financial incentive systems. The company runs various employee training programmes, including those organized as part of the NLMK Corporate University.

The company seeks to increase employee engagement by improving feedback channels, conducting team-building activities, and offering social support. The company regularly organizes live events with the CEO, where employees can ask him their questions.

Effective employee dialogue is supported by the internal corporate communications system. This system successfully:

- Explains the Group's strategic goals and values to employees
- Facilitates the inclusion of every team member in the process of continuous improvement
- Strengthens the Group's employer brand
- Delivers information in a timely manner and provides an effective feedback mechanism
- Ensures convenient access to corporate services
- Develops horizontal links between colleagues

Stakeholder interests

- Decent salaries and the use of an incentive system
- Opportunities for professional development and career growth
- Comfortable, safe workspaces
- Compliance with employment laws and other regulations
- Compliance with the requirements of the International Labour Organization
- Respect for human rights

Forms of engagement

- Offering continuing education, training, and staff development programmes.
[For more details on employee training, see the Training and Development section.](#)
- Organizing regular safety training session, improving workplace conditions.
[For more details on the results of these activities, see the Occupational Health and Safety section.](#)
- Implementing measures to provide social support for employees, their families, and retirees (former employees)
- Holding regular meetings with the management at various levels
- Monitoring and sustaining employee engagement.

[See the Social Policy section for more details.](#)

In 2021, our corporate NLMK Pulse Survey had a coverage of 38,900 employees, or around 83% of the headcount at the Group's Russian sites.

- Informing employees about the company's activities and opportunities for professional growth through corporate newspapers, magazines, NLMK TV, and social media
- Informing employees about the COVID-19 pandemic situation

Amid the pandemic, NLMK seeks to maintain a high level of transparency and provide timely information to employees about the current situation and measures taken within the company.

Local communities

Importance for NLMK

The long-term stability of NLMK's business is largely dependent on the social and economic stability of the regions where it operates. NLMK's contribution to developing local communities has a positive impact on stakeholder loyalty, as well as the company's overall reputation. Such activities are an integral part of NLMK Group's corporate social responsibility.

NLMK Group companies are some of the largest employers and taxpayers in the regions where they operate. The company's social assets (medical clinics, health resorts, and corporate sports facilities) are available to local communities, making a significant contribution to the social infrastructure of the regions.

The company has an interest in improving the living standards of local communities and involving them in the Group's social and environmental initiatives. NLMK holds public hearings, conducts surveys of local people to identify their needs, and organizes volunteer and charity programmes. The effectiveness and coverage of these programmes increases each and every year.

The local community development activities are organized by the HR Department together with the Government Relations team.

Stakeholder interests

- Company involvement in addressing the problems of local communities
- Jobs for local people, including the employment of people with disabilities
- Safe production practices and reducing environmental footprint
- A conscientious approach to doing business

Forms of engagement

- Engaging in a dialogue with local representatives to inform them about the company's activities in the regions where it operates
- Publishing corporate reports
- Publishing information in the media and on the company's website
- Holding topic-specific conferences and events
- Processing stakeholder requests

For more details on the results of local community engagement, see the [Developing Local Communities](#) section.

Trade unions

Importance for NLMK

Trade unions are important partners for NLMK in providing workers with social welfare and employment-related guarantees.

A key focus of NLMK's work with trade unions is the conclusion of collective bargaining agreements. At industry level, NLMK Group representatives regularly participate in working groups and commissions of the Association of Russian Steelmakers, a representative authority, in order to enhance the Industry Tariff Agreement and negotiate with the Russian Mining and Metals Trade Union. At the organizational level, social and labour relations are regulated by collective bargaining agreements, which are concluded with the primary trade unions of the companies. These documents guarantee compliance with the requirements of the International Labour Organization, including support for freedom of association, the right to liberty and security of person, the prohibition of slavery and child labour, the prohibition of trafficking in persons, the prohibition of discrimination based on sex, social status, or race, ensuring safe working conditions, occupational health and safety, respect for the right to a minimum wage, and a system of benefits and remuneration. NLMK's effective engagement with trade unions helps to strengthen its brand as a socially responsible employer.

Stakeholder interests

- Compliance with employment legislation and protection of employee interests
- Compliance with the sectoral tariff agreement
- Compliance with the terms of collective bargaining agreements
- Compliance with the requirements of the International Labour Organization

Forms of engagement

- Conducting collective bargaining: in 2021, we continued a series of collective negotiations with the trade union organizations of NLMK Group companies. Steps were taken to harmonize the basic benefits provided under such collective bargaining agreements
- Concluding collective bargaining and other agreements and signing joint resolutions: in 2021, the terms of collective agreements were renegotiated for NLMK Construction and Assembly Trust and NLMK Engineering. In 2020–2021, collective bargaining agreement terms were renegotiated for 11 NLMK Group sites
- Working jointly on various commissions and committees
- Holding employee conferences

Suppliers and contractors

Importance for NLMK

The timely and accurate delivery of quality goods and services by suppliers and contractors has a direct impact on the quality of our products and the stability of NLMK's production processes.

Strong and mutually beneficial relationships with reliable suppliers and contractors are essential if the Group is to sustain its operations and fulfil its obligations. The unit responsible for working with suppliers and contractors is the NLMK Procurement Service.

The Group's priorities are to ensure that the right high quality goods and services are purchased at the right time, and that procurement is as competitive and transparent as possible. In addition, NLMK Group pays particular attention to the compliance of its suppliers and contractors with sustainable development principles.

Most of the Group's tender procedures are conducted electronically using the SAP SRM and SAP Ariba Network systems, ensuring the transparency of procurement activities.

The company seeks to develop mutually beneficial long-term relationships with its business partners, based on the principles of transparency, ethics, and fairness. The main principles of such collaboration are outlined in the Supplier and Contractor Code of Conduct, which sets out our requirements for suppliers and contractors and underscores our aspiration to support the highest standards in compliance and corporate ethics. The Code also promotes compliance in ensuring a fair and equitable approach to procurement, anti-corruption, managing conflicts of interest, respect for human rights, environmental protection, and occupational health and safety.

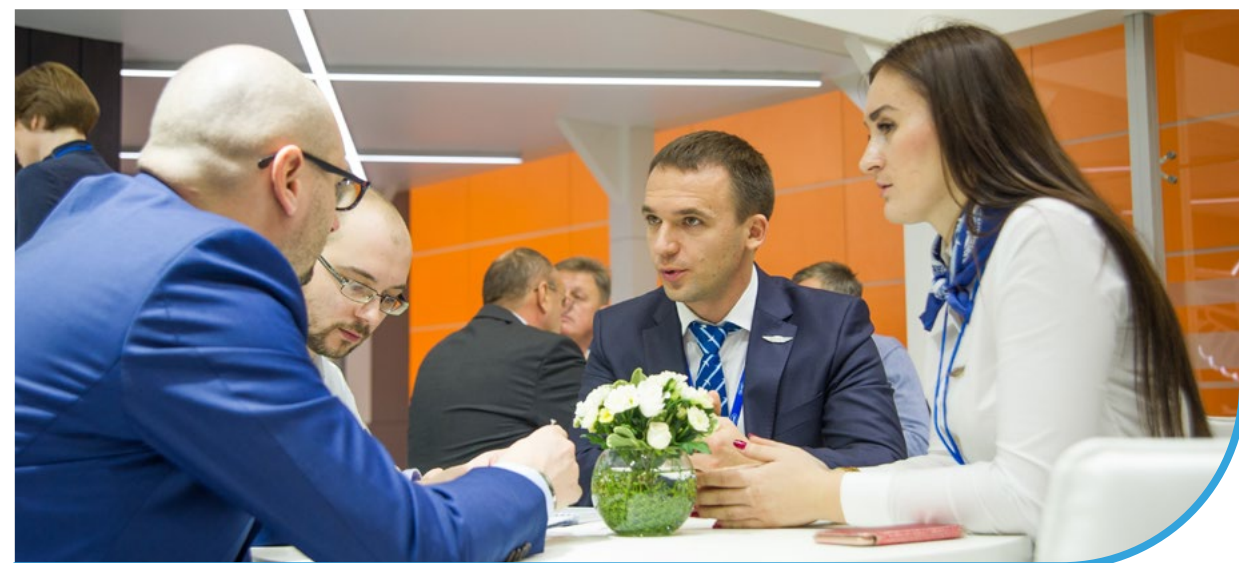
Stakeholder interests

- Transparent competitive procurement procedures for goods and services
- Fulfilment of contractual obligations
- An effective system for processing feedback and complaints
- A risk management and anti-corruption system
- Compliance with sustainable development principles

Forms of engagement

- Conducting pre-qualification of suppliers
- Developing competitive procurement procedures for goods and services
- Developing electronic data interchange (EDI) with suppliers
- Negotiating with potential partners
- Organizing the work of category managers
- Offering a [feedback form](#) and a digital assistant based on the QUBO dialogue platform on the corporate portal for contractors, as well as a hotline for suppliers and contractors
- Conducting business meetings with suppliers and participating in conferences and industry associations
- Organizing supplier days (workshops) for various procurement categories with production site visits
- Organizing online conferences for suppliers to present NLMK Group's procurement strategy and inform them of their role in the strategy
- Carrying out assessments and audits of suppliers and contractors in order to confirm their reliability, supplier status, production capacity, and compliance with sustainable development requirements, such as occupational health and safety, industrial safety, and environmental requirements

For more details on the results of supplier and contractor engagement, see the [Supply Chain Management](#) section.



Supply chain management¹



The Group's efficient supply chain is crucial to its sustainable operation and the fulfilment of NLMK's commitments. The Group regularly partners with more than 3,500 suppliers of goods and materials as well as contractors from which it procures a wide range of goods and services, including equipment, ferroalloys, non-ferrous metals, refractory products, and spare parts, among other things.

Key 2021 figures

RUB 230.9 bn

spending on goods and materials procured in Russia

Major themes

Supplier environmental assessment

Key events in 2021

- Expanded use of electronic document management with suppliers
- Part of investment procurement process automated via SAP Ariba Sourcing
- NLMK started operating an automated warehouse complex
- Claim management automation project introduced
- the process of evaluating and informing suppliers about its results is automated
- NLMK Group acknowledged as "The Company of the Year in Procurement" by the results of the main occupational competition of Russian procurement experts

United Nations Global Compact principles

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery

Global Sustainable Development Goals



The main principles governing the Group's procurement activities are:

- Focus on goals, objectives, and outcomes
- Integrity and transparency
- Mutually beneficial cooperation

- Continuous improvement
- Qualified and motivated staff
- Teamwork and commitment to a company-oriented spirit
- Proactive approach

77 suppliers
of goods and services were audited

Our approach to supply chain management

The procurement process at the Group is coordinated by the procurement team and designed in a way to ensure that high quality goods are procured in a timely and accurate manner and that the procurement process is as transparent and competitive as possible.

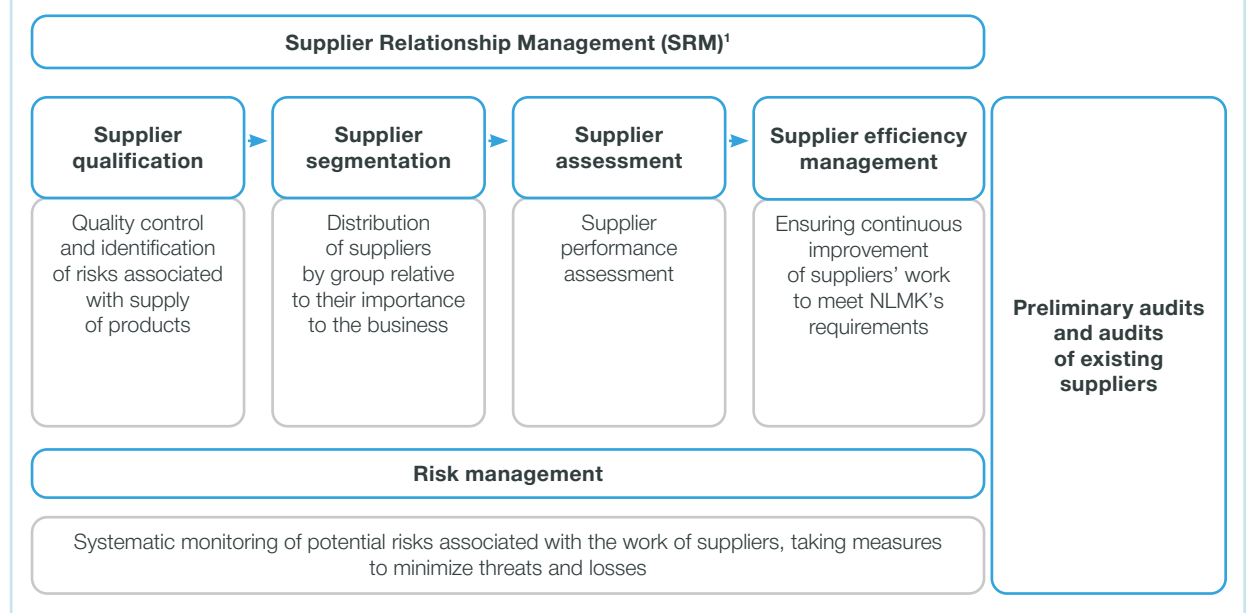
The procurement team's main goal is to meet the expectations and needs of specific groups of NLMK stakeholders, including shareholders, employees, customers, internal customers, and regulatory bodies. The procurement team's key objectives are to unify and standardize procurement systems and processes, ensuring that they all have the same level of maturity.

The main documents governing procurement activities at the Group are:

- Supplier Code of Conduct
- Contractor Audit Regulations
- corporate-level regulations describing liaising with contractors:
 - Contractors Qualification Regulations
 - Contractor Assessment Regulations
 - Regulations on Contractors Selection in Cooperation with the Tender Commission, etc.
 - Regulation on Category Strategies Development
 - Regulation on Cross-functional Groups

The organizational structure of the Group's procurement team consists of centralized and decentralized components, which helps make the procurement process and cooperation with suppliers as efficient as possible. Interrelated procurement structures, policies, and procedures ensure that the approaches taken across all of the Group's companies are consistent.

Supplier management process within NLMK Group



¹ Information on procurement practices is presented for the Group's Russian companies.

¹ Supplier Relationship Management

In order to ensure a reliable and uninterrupted flow of goods and materials to the Group's companies, the procurement team has developed over 50 category-based strategies. Procurement strategies for certain categories of goods are developed to take into account potential risks and determine scenarios depending on the level of risk and potential losses, and they also include plans to prevent any risks from arising. The company does not purchase any conflict minerals (conflict mineral resources such as tin, tungsten, tantalum and gold), linked with human rights abuses in the Democratic Republic of Congo and the neighbouring countries.

Managing risks associated with the late, incomplete, or incorrect supply of goods and services is key to ensuring a reliable supply chain and the continuity of the Group's operations. In 2021, a project was launched to automate claim management for instances when suppliers fail to respect delivery timelines.

In 2021, the company changed its supplier evaluation procedure and methodology. Suppliers are evaluated and informed automatically based on the results of the quarter and calendar year performance. All counterparties are rated.

The company also identifies critical suppliers, using the following criteria: high-volume suppliers, impact of supplied goods and materials on production continuity and regularity (critical component suppliers), impact on final product quality, non-substitutable suppliers, and location of the suppliers.

The bulk of the Group's procurement is carried out centrally, with local procurement classified in a separate category and supervised by the heads of local procurement departments. The centralized transaction support centre (Corporate Solutions Centre) ensures the efficiency of procurement processes. Having a single service centre for processing transactions reduces costs, improves levels of internal customer satisfaction, and speeds up procurement procedures.

The Group is particularly focused on digitalizing and automating procurement activities. Most key procurement processes have been automated, and the majority of the Group's tender procedures are carried out electronically using the SAP SRM. NLMK's achievements in automating procurement activities were recognized within the broader professional community. In 2021, NLMK Group was named Company of the Year in Procurement at the main professional competition for Russian procurement experts.

EFFICIENCY ASSESSMENT

A system of key performance indicators (KPIs) is used to monitor and control the performance of suppliers and procurement staff, eliminate losses sustained in procurement processes, and achieve savings for the Group. The KPIs, which are approved on an annual basis, include the following:

- Availability
- Cost-efficiency
- Cost avoidance
- Inventory turnover
- On-time deliveries

The Procurement team holds regular meetings with internal customers to identify the main supply issues. The Procurement staff also conducts regular satisfaction surveys of major internal customers in order to improve the quality of the procurement process. Survey results are carefully analysed, and measures are then developed to further improve the team's work.

Selection and qualification of suppliers and contractors

An efficient and reliable supply chain is essential to the stable operation of all divisions within the Group. The Group carefully selects and screens suppliers and contractors, and expects a great deal from its counterparties in terms of complying with deadlines, OTIF (on-time in-full) requirements, and quality standards for the goods and materials it supplies. All suppliers and contractors that work at hazardous production facilities at NLMK companies have to be qualified.

In order to work with NLMK Group, it is imperative that suppliers and contractors operate ethically and conscientiously. In this regard, all potential counterparties are invited to familiarize themselves with the Supplier Code of Conduct at the screening stage and to confirm that they agree with its provisions.

The Group also expects its suppliers and contractors to comply strictly with all applicable legal requirements,

including environmental protection and occupational health and safety regulations. The check-list developed by the Group for assessing potential contractors reflects state requirements for occupational safety and environmental protection, and suppliers and contractors operating at the Group's sites must meet these requirements.

Evaluation and audit of suppliers and contractors

The Group annually assesses the quality, efficiency, and reliability of all current suppliers and contractors. It also monitors compliance with delivery deadlines throughout the year. If the Group has

a negative experience with a supplier, the Group's Conciliation Committee may decide to discontinue its partnership with the supplier or to impose restrictive measures. The procurement team can

also work with the supplier to create a development plan aimed at improving the supplier's performance.

CONCILIATION COMMITTEE

The Conciliation Committee is NLMK Group's collegial body that was set up to review situations involving inappropriate, unethical, or unreliable supplier behaviour. Some of the issues that fall within the remit of the committee include violations of the pricing policy, occupational health and safety rules, and environmental protection requirements.

Supply chain responsibility

As a large consumer of a number of goods and services, the Group is able to have a positive impact on reducing social, environmental, and production risks within the supply chain.

The Group seeks to cooperate with suppliers of goods and contractors that demonstrate a commitment to sustainability principles. In addition, in accordance with NLMK Group's Procurement Policy, the Group is committed to purchasing goods and services that have as few negative impacts on society and the environment as possible during their lifecycle. The company prioritizes partners striving to promote reasonable consumption of resources and ensuring compliance with legal and social standards within the supply chains. For instance, when

purchasing office goods and furniture, NLMK selects companies that demonstrate a highly responsible approach to compliance with environmental safety standards.

As part of efforts to increase responsibility across the supply chain, NLMK focuses on:

- Cooperating with suppliers and contractors with a strong commitment to sustainable development principles, and with a developed sustainable development strategy
- Supporting small and medium-sized businesses, and cooperation with suppliers and contractors owned by women or representatives of vulnerable groups of the population

- Assessing occupational health and safety risks among contractors
- Ensuring that suppliers of goods used in the production of automotive body sheet hold certificates of compliance under ISO 9001:2015, IATF 16949, and ISO 45001
- Assessing contractors that provide waste collection services
- Reducing waste through reusing and recycling, as well as through the utilization of recycled and recovered products and materials

NLMK takes reasonable steps to eliminate the risks of human trafficking and slavery in the supply chain.

Conciliation Committee performance

Indicator	2019	2020	2021
Number of suppliers on which partnership restrictions were imposed	18	15	7
Number of suppliers with which NLMK Group decided to temporarily suspend relations	6	7	6
Number of suppliers with which NLMK Group decided to terminate relations	11	13	18

Conducting systematic audits of suppliers and contractors that provide services to the Group's Russian companies is another important tool for managing partnerships with contractors. When drawing up annual audit plans, the Group's

specialists take into account critical areas that affect the continuity and safety of production, product quality, and company sustainability, including, among others:

- The contractor's technical equipment
- Staff competence levels

- Quality control measures
- Maintenance and repairs
- Compliance with legal requirements for occupational health and safety and environmental protection, etc.

When auditing suppliers of goods, the Group pays special attention to the counterparty's compliance with obligatory standards in matters concerning occupational safety and reducing its environmental footprint. Audits of contractors include a more detailed review of issues related to safe working conditions and compliance with environmental regulations.

When auditing contractors that conduct hazardous work or large volumes of work, or companies that

are the Group's main contractors, the Group considers the following aspects in detail:

- Availability of equipment
- Provision of human resources
- Provision of technical resources
- Issues related to occupational health and environmental protection
- Adherence to human rights, etc.

Audits of contractors involve checking that the necessary documents are in place and authentic. They also include directly monitoring the work

of contractor employees and ensuring that they meet the requirements stipulated on the screening check-list. The contractor's status is determined and a report is prepared on the basis of the audit results. The report should specify the measures needed to eliminate and prevent the reoccurrence of any of the issues that have been identified.

Supplier and contractor audits

Subject of audit	2016	2017	2018	2019	2020	2021
Goods and materials	22	35	39	34	13	57
Services	1	21	17	24	20	20

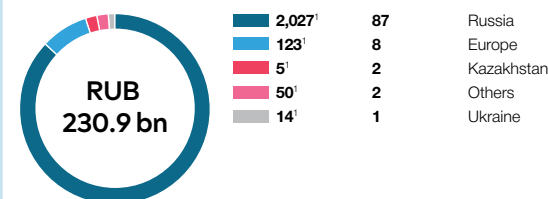
For more details on supplier and contractor environmental assessments, see the Supplier Environmental Assessment section of the Environmental Protection chapter.

2021 performance

The company continued to actively improve its procurement processes and centralize the procurement of basic materials, raw materials, and services. Most notably, the company launched a process aimed at simplifying the electronic form used for self-registration by counterparties. The efficiency of interaction with suppliers was improved through the digital assistant functionality. Thus, 60% of purchase orders were generated automatically, and robotization of tender procedures was launched (over 800 tenders have already been held by a robot).

Due to the COVID-19 pandemic, suppliers of basic raw materials and equipment were diversified. The procurement team and internal customers' efforts helped to avoid the negative impact of the pandemic on production performance. Supply continuity risks were mitigated through

Procurement from suppliers of goods and materials by supplier country, % of total GRI 102-9



Note: data on procurement of goods and materials from third parties are presented for the Group's Russian companies. The amount does not include transportation and handling expenses and customs duties.

establishing intermediate warehouses at supplier sites; using formula pricing to mitigate the risk of non-deliveries due to rising raw material prices, and expanding supervision of key deliveries under contracts.

Procurement volume in 2021 by key categories, RUB m (VAT excluded) GRI 102-9 GRI 301-1

Goods and materials category	Procurement volume
Coal and coal concentrates	99,738
Raw materials (without the main raw material categories)	40,254
Provision of repairs and maintenance	36,876
Refractory products	14,930
Process equipment	9,182
Iron ore (concentrate, pellets, and ore)	8,239
Provision of technology	7,263
Coatings	5,635
Coke and chemical raw materials, fluxes	2,068
Petroleum, oil, lubricants	2,337
Rolls	1,808
Information technologies	1,620
Work wear	675
Other	274
Total	230,898

There were no significant changes in the Group's supply chain structure during 2021. GRI 102-10

In the reporting year, procurement from local suppliers for the Russian companies accounted for 87%, or RUB 201 billion. GRI 204-1

PLANS FOR 2022 AND THE MEDIUM TERM

The Group intends to continue with its work to further automate and improve procurement processes. More specifically, the Group's plans include:

- Developing sustainable development practices
- Formalizing assessment of counterparties for exposure to environmental risks
- Identifying and assessing critical non-tier 1 suppliers
- Developing marketplaces (catalogues) for basic contractors
- Extending robotization of standard procurement procedures
- Upgrading warehouse logistics



¹ Number of suppliers.

Human Rights



Respecting human rights is a key underlying principle in all of NLMK's operations. In its activities, the company does not tolerate human rights violations related to discrimination based on gender, age, religion, race, ethnicity, physical traits, or identity, or any other form of discrimination.

Key 2021 figures

0 violations of human rights

were recorded during the reporting year

Major themes

- Non-discrimination
- Freedom of association and collective bargaining
- Prohibition of child labour
- Prohibition of forced or compulsory labour

Key events in 2021

In 2021, the company successfully integrated human rights provisions into the standard terms of business with contractors. NLMK's vendors and counterparties confirm that at the time of contract execution they respect and recognise human rights envisaged by the Russian law and international legal instruments.

United Nations Global Compact principles

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

Principle 4. Businesses should uphold the elimination of forced and compulsory labour.

Principle 5. Businesses should uphold the effective abolition of child labour.

UN Global Sustainable Development Goals



Managing human rights issues

NLMK also devotes special attention to ensuring the right to freedom of association and collective bargaining, as well as to the issues

concerning child labour and forced or compulsory labour, human trafficking, and ensuring equal pay for equal work. [GRI 407-1](#) [GRI 408-1](#) [GRI 409-1](#)

Our corporate ethics dictate that we consistently adhere to the generally accepted principles and norms of international law, as well as applicable

employment laws in all countries of the world, regardless of the business practices in those countries. In its activities, NLMK is governed by the provisions of the following documents:

- The International Bill of Human Rights
- The main conventions of the International Labour Organization
- The UN Guiding Principles on Business and Human Rights

- The UN Global Compact
- Transforming our World: 2030 Agenda for Sustainable Development (UN)
- The ISO 26000 Guidance on Social Responsibility
- The laws of the Russian Federation and other countries in which NLMK Group companies operate.

The following internal documents ensure a unified approach to respecting human rights in the Group's activities at all sites: [NLMK Group's Human Rights Policy](#), [NLMK Group Corporate Ethics Code](#), [NLMK Group Anti-Corruption Policy](#), and collective bargaining agreements.

NLMK's human rights principles and their integration into Group's activities

NLMK's human rights principles

Provision of safe working conditions

Respect for the right to a minimum wage

Prohibition of discrimination

Prohibition of forced labour

Prohibition of child labour

Integrating fundamental human rights principles into NLMK Group's activities

Fundamental principles	Areas of activity
Provision of safe working conditions	In organizing production, the company prioritizes the health and safety of its employees above all. The company's management monitors and reduces risks associated with hazardous working conditions, increasing safety levels at the sites of every NLMK company year to year. The company is continuously improving its approaches to environmental policy and energy management with a view to reducing the negative impacts of production on the environment and on the health of stakeholders. See the Occupational Health and Safety and Environmental Protection sections for more details.
Respect for the right to a minimum wage	Ensuring decent working conditions, including competitive salaries and providing both employees and retirees with a social benefits package are key priorities for NLMK Group. See the Our Employees section for more details.

Fundamental principles	Areas of activity
Prohibition of discrimination	NLMK Group does not tolerate discrimination based on gender, religion, and other grounds in its staff management activities, including hiring, and adheres to the same principles when determining wages. See the Our Employees section for more details.
Support for freedom of association and collective bargaining	NLMK Group fulfils all of the requirements set forth in collective bargaining agreements, and regularly engages with trade unions. The company also ensures that conditions are in place to facilitate the creation of associations by making corporate communications tools available and by supporting employee volunteering initiatives. GRI 407-1 See the Our Employees and Stakeholder Dialogue sections for more details.
Prohibition of forced labour and child labour	NLMK Group only signs employment contracts with individuals that meet the minimum age requirements stipulated by the legislation. The company does not make use of child labour. The company forbids the use of forced labour, penal and military labour, slavery, and human trafficking. All employment at the company is exclusively voluntary in nature. GRI 408-1 GRI 409-1
Respect for the rights of indigenous peoples	NLMK Group estimates that there are no indigenous peoples present in the regions where the Group companies operate GRI 411-1

NLMK's activities aimed at protecting human rights across all regions where it operates are coordinated by the HR Function and cover 100% of the company's facilities. Whenever necessary, experts from other functional areas of the company are invited to participate (in particular, the Occupational Health and Safety team) in order to safeguard corporate interests and to manage risks. NLMK's senior management team is always engaged in making important decisions. NLMK Vice President for HR

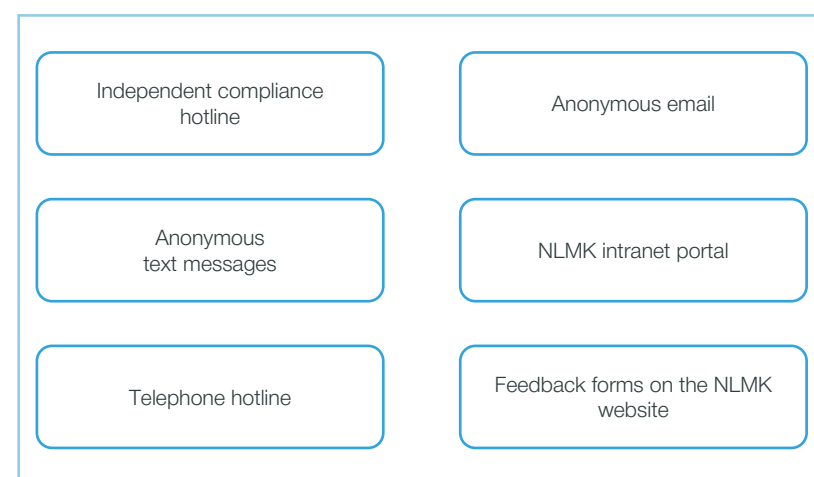
and Management System is responsible for supervising the execution of the Human Rights Policy. [GRI 102-20](#)

The company communicates its Human Rights Policy to its stakeholders, including its employees, subcontractors, and business partners. In 2020, the Human Rights Policy was translated into the languages of all regions where the company operates.
[GRI 412-2](#)

NLMK encourages all stakeholders to report actions that violate human rights. Employees, customers, suppliers, contractors and other stakeholders can use any feedback channel (including in languages other than Russian) listed on the [NLMK website](#).

Human rights reporting channels

All messages and complaints received by the company are recorded in an aggregated database accessible via the NLMK corporate portal. Each specific instance is examined separately, to ensure that decisions are made on a case-by-case basis. The individual that sends a complaint always receives a written response with an explanation, except in the case of anonymous messages. Complaints of human rights violations can be directed to both the Hotline and the Independent Compliance Hotline (negotiated by an independent operator and compliance unit of the Legal Department). [See the Compliance and Corporate Ethics section for more details.](#)



In 2021, NLMK recorded no cases of discrimination related to human rights violations [GRI 406-1](#) [GRI 102-17](#), including violations of the right to freedom of association and collective bargaining or violations concerning child labour and forced or compulsory labour. [GRI 407-1](#) [GRI 408-1](#) [GRI 409-1](#)

NLMK is committed to improving its competency in human rights, drawing on best practices from colleagues in various industries and international organizations to introduce responsible, fair business principles into our corporate culture. The company's employees regularly undergo trainings on human rights issues, including those organized for the participants of the UN Global Compact that the Group joined in 2019. In addition, human rights issues are included in the educational electronic corporate course developed in 2021 on the Corporate Ethics Code and Anti-Corruption Policy. [GRI 412-2](#)

[GRI 412-1](#) The salient human rights risks associated with the operations of NLMK Group companies relate to non-discrimination based on gender, age, disabilities and other criteria, the right to safe working conditions, freedom of association and collective bargaining, as well as the right of local communities to a clean environment. These risks have the most significant impact on the employees

and contractors of the Group's sites, as well as on the citizens living in the immediate vicinity of the sites. In 2021, a mandatory human rights clause was included in the standard agreements with the Group's contractors in order to mitigate the risks of human rights violations among the company's vendors. [GRI 412-3](#) [More detailed information on avoiding the risks of discrimination is available in the Diversity and Inclusion section; on the health risks, in the OHS Risks section, and on environmental risks in the Climate Change section. Information on exercising the right to freedom of association is available in the Trade Unions section.](#)

In 2021, the company has successfully integrated human rights provisions into the standard terms of business with the contractors. Thus, NLMK's vendors and counterparties confirm that at the time of contract execution they adhere to and respect human rights envisaged by the Russian law and international legal instruments including:

- Support for freedom of association
- The right to liberty and security of person
- Respect for the prohibitions of the child and forced labour, human trafficking, as well as the prohibition for discrimination
- Ensuring the occupational health and safety of workers, as well as safe working conditions
- Respect the right to a minimum wage

In 2021, considerable attention was paid to the issues of non-discrimination and ensuring equal opportunities for all, including persons with disabilities. The company shared its experience in the area taking part in the federal and regional conferences, including the round table of the Federation Council Committee on Social Policy devoted to Cooperation of Higher Education Institution, Non-Profit Organizations and Business on the Employment of People with Disabilities on 5 October, 2021.

NLMK participates in the organizations that support and foster human rights principles. For example, the company is a member of the Committee on Corporate Social Responsibility and Demographic Policies of the Russian Union of Industrialists and Entrepreneurs.

PLANS FOR 2022 AND THE MEDIUM TERM

Given the international nature of NLMK's operations and stakeholders' interest for protecting human rights, the company will enhance its approach to human rights issues.

In future reporting periods, we plan to engage the company's stakeholders in the human rights agenda by holding joint events and inviting experts to work out joint actions on this issue. Another task will be to develop methodological approaches to assessing how well activities comply with the principles set out in NLMK's Human Rights Policy. Company representatives will also continue to play an active role in important events dedicated to protecting human rights.

Our employees



Major themes

- Safe working conditions
- Development of managerial skills
- Engagement of employees in continuous improvement
- Development of professional skills
- Labour productivity improvement

Key events in 2021

- Developing online trainings, introducing new professional training formats
- Working on an international project to create competency maps and assessment tools for key steelmaking professions

United Nations Global Compact principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Global Sustainable Development Goals



Prizes and awards

In 2021, NLMK Group received a gold award in the Forbes' Best Employer in Russia ranking, organized together with the KPMG audit company. NLMK Group received the highest grade (Platinum) in the Environment and Corporate Governance categories, the combined result was Gold.

NLMK Group came first in the Crystal Pyramid HR Awards 2021. The company topped the Corporate University of the Year nomination, and NLMK Group's Vice President, HR and Management System Mikhail Arkhipov was named HR Manager of the Year.

NLMK Group's Digital Diary project received a silver medal in the People are the most valuable capital nomination at the annual SAP Value Award.

NLMK won the InterComm 2021 main award in the field of corporate communications. The company's Pictures of the war years documentary topped the Event category, which focused on projects in the field of organizing corporate events.

Key 2021 figures

RUB 3,654 m

total investment in staff training and development

2.9 m

man-hours of training

7.2%

voluntary staff turnover at NLMK Group

34%

Women account of the management and administrative staff

25%

Women account of the total number of employees

HR strategy priorities

Our key personnel management goals are to attract and retain the best professionals in their field and engage them in the process of continuous improvement. To do this, NLMK Group needs to remain as progressive as possible and attentive to safety, talent, and innovation.

In order to achieve these goals, the Group continued to work actively in the following key areas of the HR policy:

- Labour productivity improvement
- Development of managerial skills
- Development of employee initiative and engagement in the process of continuous improvement
- Development of the vocational training system
- Creating a system for independent employee qualification assessment
- Developing practices of mentorship and knowledge sharing on production sites
- Working with young specialists and high-potential employees
- Further integration of international companies into the Group's HR processes
- Digitalization and implementation of best practices in HR processes
- Increasing the share of employees transferred to open positions within the Group
- Developing internship programmes and increasing intern hiring rates
- Increasing employer brand attractiveness

One of the main focus areas of the HR strategy is increasing labour productivity. We achieve this goal by optimizing business processes, ensuring

the automation and mechanization of labour, and developing processes that utilize the expertise of contractors and suppliers. Much attention is paid to the digitalization of production and non-production processes, aimed at increasing efficiency and reducing labour costs.

A positive driver is the NLMK Production System project, which focuses on increasing the Group's efficiency through continuous improvement, loss reduction, occupational safety, respect for each employee, and the development of a regular dialogue between management and employees.

NLMK's corporate culture is built on the principle of openness and transparency. To this end, NLMK has built up mechanisms that allow employees and their representatives to address top management directly. For instance, during the live call-in with the NLMK Group CEO any employee can ask a question to the head of the company. We also foster a culture of 'open doors' and availability of management to address operational issues during strategy sessions or live call-in events for functional areas. In addition, NLMK has an internal corporate portal, one of the main sources of information about news and important events of the Group, where employees can get answers to their questions in an interactive format.

In order to maintain the high qualification level of employees we are constantly enhancing training at NLMK and ensuring its continuity. For many professions, employees are required to take a range of courses within a certain timeframe, including courses on the rules of access

to equipment and operation of networks, communications, or complex units. If an employee does not complete the course in time, they may be not allowed to proceed with their work in line with regulatory requirements and for safety reasons. That is why we have transferred professional course training and training aimed at receiving and prolonging OHS permits into a remote format as a matter of priority. In addition, the company provides training to employees on risk management, cybersecurity, etc.

The Group seeks to apply a unified approach to managing its staff, including at its foreign companies.

In its HR activities, NLMK Group is guided by the following internal and external documents:

- The Constitution and Labour Code of the Russian Federation
- International declarations, including the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work
- NLMK Group's Corporate Ethics Code
- Collective bargaining agreements
- General corporate regulations on staff management

Our employees

In 2021, NLMK Group's average headcount was 50,600 people, of whom 47,200 (93.2%) were employed at the company's Russian assets, 2,100 (4.2%) at its European divisions, 0,200 (0.4%) at international auxiliary companies, and 1,100 (2.2%) in the USA. [GRI 102-7](#) [GRI 102-8](#)

Approximately 96% of NLMK Group employees work under permanent contracts, and around 4% under fixed-term contracts. When working under a fixed-term contract, any employee has the right to review their salary, participate in incentive programmes, and is also provided with additional benefits in accordance with the collective bargaining agreement.

The nature of the steel industry is such that the proportion of men in NLMK Group (75%) outweighs the proportion of women (25%) – this has always been the case historically. As for administration and management staff, women account for 34% of all employees, including 50% of white-collars, 24% of white-collar managers and 4% of shop-floor (revenue-generative) managers (the total share female managers is 16%).

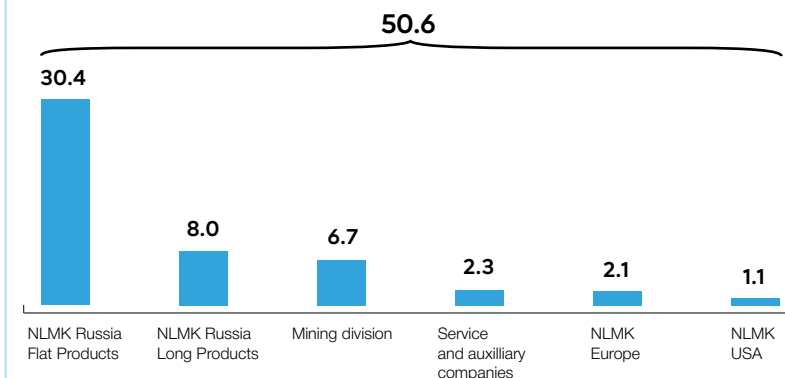
Women account for 16% in junior management positions. Among middle managers there are 18% of women, among top management (positions two levels below the CEO) – 14%.

During the reporting year, 1,632 men and 554 women were promoted. A total of 22% are women among IT and engineering professionals.

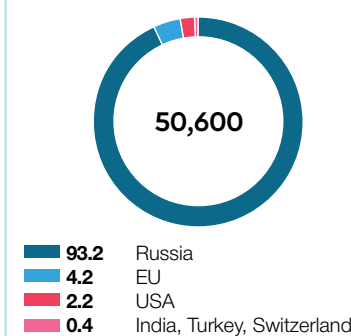
The average work experience of men and women at NLMK companies is at a comparable level: the average work experience for men is 12 years, for women – 13 years.

NLMK employees represent various age groups, which attests to the lack of age discrimination in NLMK Group's HR policy. In 2021, 23% of all employees were aged over 50, 62% were aged between 30 and 50, and 15% were under 30. Of those in management

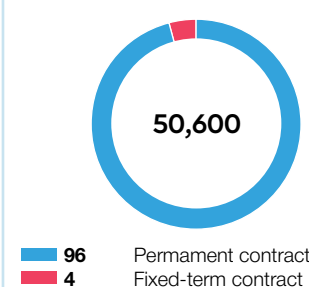
NLMK Group staff¹ breakdown by segment in 2021, thousands of people [GRI 102-8](#)



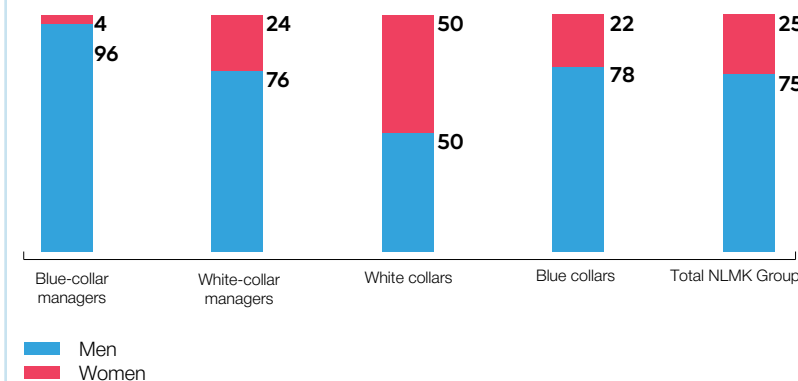
NLMK Group staff¹ breakdown by region in 2021, % [GRI 102-8](#)



NLMK Group staff¹ breakdown by contract type in 2021, % [GRI 102-8](#)



NLMK Group² staff breakdown by gender and category in 2021, % [GRI 102-8](#) [GRI 405-1](#)

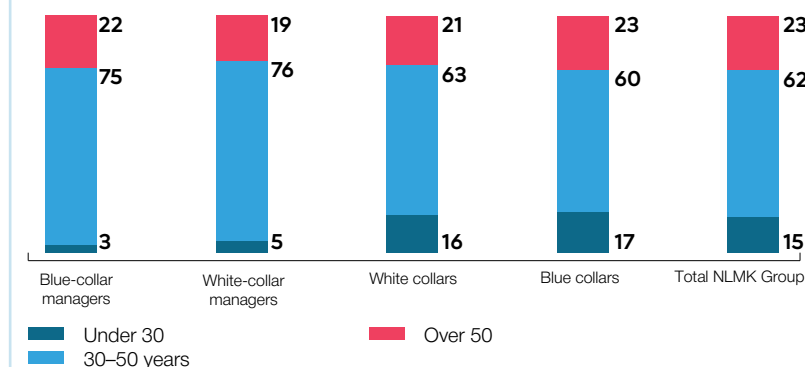


positions (white-collar and blue-collar managers), 75% were aged between 30 and 50, and 20% were aged over 50.

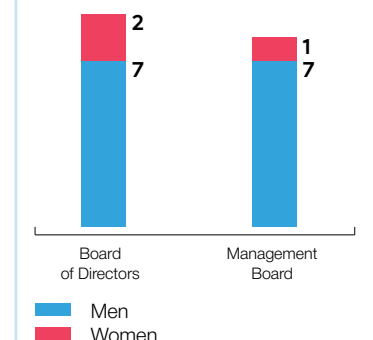
NLMK is committed to supporting gender diversity within its governance bodies in a way that takes into account the specific nature of the company's

activities. In 2021, NLMK Group's Board of Directors and Management Board were made up of both men and women.

NLMK Group¹ staff breakdown by gender and category in 2021, % [GRI 102-8](#) [GRI 405-1](#)



Gender composition of NLMK Group governance bodies as of 31.12.2021, people [GRI 405-1](#)

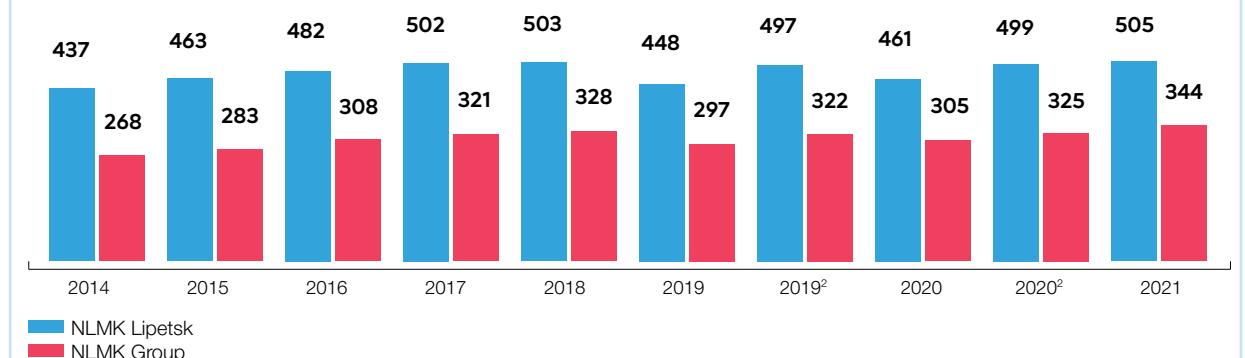


Labour productivity

NLMK pays special attention to increasing labour productivity. This strategic goal encourages the implementation of effective technological and management processes within the Group, as well as the use of advanced technical solutions.

In 2021, labour productivity across NLMK Group stood at 344 tonnes of steel per person, growing year-on-year as major investment projects were implemented to upgrade the sites' main equipment. The changes in the previous years are due to preliminary hires and training in anticipation of higher output in 2021.

Labour productivity, t of steel/person



¹ Headcount as of 31 December 2021.

² Labour productivity without reduction of output at the Lipetsk site associated with large-scale BF and BOF overhauls.

¹ Average headcount.

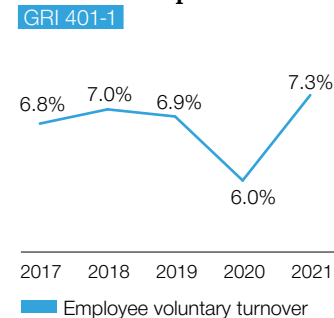
² Headcount as of 31 December 2021.

Turnover

In 2021, voluntary staff turnover increased year-on-year to 7.3%.

The increase in turnover in 2021 year-on-year is due to the delayed effect of a decrease in turnover in 2020: because of the COVID-19 pandemic and the downturn in the economy, the mobility of people decreased in 2020, but the economic recovery in 2021 led to a revival of activity in the labour market.

Employee voluntary turnover¹ at NLMK Group



Strategic planning for labour resources

As a high-tech company, NLMK strives to manage its personnel as efficiently as possible. The Group uses a number people analytics systems for strategic and tactical planning of human resources. On the basis of statistical data from past periods, development and efficiency improvement initiatives, the company, together with representatives of regional administrations and enterprises of the Lipetsk Region, forms a pool of competencies and professions required in the future, as well as recruitment to educational institutions in the required specialties, ensuring that the need for qualified personnel is covered in five-seven years ahead. People analytics represent several easy-to-use dashboards, which enable correct assessment of the current situation, the interconnectedness of events and results based on big data, and also contribute to making objective decisions and outlooks.

Staff recruitment

The company understands the importance of attracting and retaining experienced and highly qualified staff in its efforts to achieve a strong performance.

When assessing applicants, the company does not tolerate discrimination based on gender, age, disability or any other factors. NLMK always complies with applicable legal requirements, particularly with respect to the employment of women in hazardous roles. For example, Russian legislation places restrictions on the use of female labour in hazardous conditions and in situations involving the movement of heavy weights. The company adheres strictly to these requirements.

High standing of the Group in the 2021 HH.ru, Forbes, and Changelenge employer ratings attests to the company being a preferred employer in the regions where it operates.

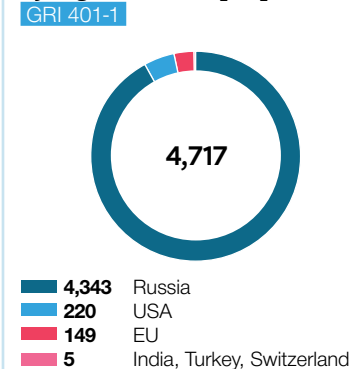
The Changelenge rating focuses on the assessment of employers by students of the TOP-30 universities in Russia. According to the results of the rating, NLMK Group was included in the TOP-50 companies in the Engineering category.

The company focuses on the digitalization of recruitment: it introduced a tool for selecting STEM specialists (podbor.io), a corporate blog and a job page on the Habr resource, and video interviews powered by the Sever.AI platform. NLMK Group's career page is also available at [NLMK.team](https://nlnmk.team).

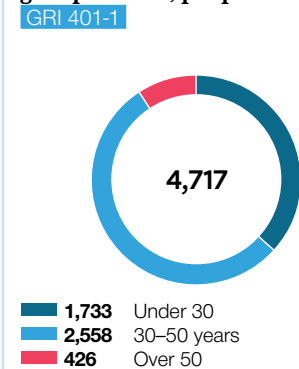
A project to provide the service of filling in a questionnaire to become a candidate for employment at NLMK Lipetsk was implemented jointly with the Authorized Multifunctional Centre for the Provision of State and Municipal Services. The questionnaires are directly uploaded into the recruitment database so that relevant candidates can be considered.

In 2021, 4,717 people (9% of the average headcount) joined the NLMK team, 23% of them were women (2% of the average headcount). A total of 96% were hired by the Group's Russian companies. [GRI 401-1](#)

NLMK Group new hires by region in 2021, people



NLMK Group new hires by age group in 2021, people



The company created more than 900 jobs in 2021, the majority of which were linked to the launch of investment projects.

NLMK is committed to boosting employment in the regions where it operates, thus we prioritize local applicants during the recruitment process (in 2021, they made up 95% of those hired).

In line with the equal opportunities for all principle, NLMK implements targeted employment projects for people with disabilities. In 2021, the share of people with disabilities hired by the company was 0.4% (20 people) of the total new hires. In total, the company employs 438 people with disabilities (0.9% of the total number of employees). Due to the specific nature of the steel industry, which involves working in hazardous conditions, recruitment specialists pay particular care and attention to the employment of people with disabilities. The company complies with all respective legal requirements in this area.

Assessment and remuneration

NLMK Group employees receive competitive remuneration. We annually collect and analyse data on industry peers and in the regions where the Group operates as well as the purchasing power of remuneration by personnel categories and individual professions to assess the competitiveness of our remuneration. The company is committed to annually increasing the level of employee remuneration.

Financial remuneration for employees consists of a basic salary and a bonus. The NLMK remuneration system has been developed in accordance with best Russian and international practices. An annual assessment of the achievement of target KPIs (Management by Objectives) by employees is carried out in conjunction with an assessment of the corporate behaviour (Management by Behavioral Indicators), which reflects the company's

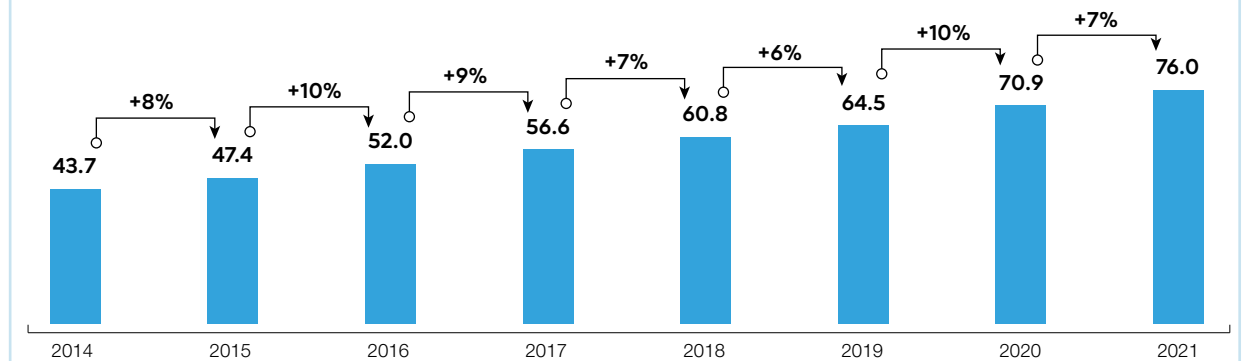
approach to management as a whole. When preparing local regulations on remuneration, the opinion of trade union organizations is taken into account.

Fixed remuneration management in the Group is based on employee performance evaluation. The current approach introduced in 2019 enables the company to further encourage the best of the best, while maintaining a competitive level of salary indexation for all employees. This way a more dynamic increase in the salaries of high-performing employees will help strengthen the principles of external competitiveness and the internal fairness of remuneration across the Group's companies, while unlocking the potential and stimulating the professional activity of each employee. In 2021 this system covered 95% of NLMK Group's Russian company employees. In several divisions, the process of forming individual

development plans for employees was launched, with the help of which the employee will be able to strengthen those competencies that turned out to be underdeveloped. In 2022, this approach will be extended to all white collars of the Group.

The average salary¹ of NLMK Group employees at Russian companies in 2021 was RUB 76,000, a 7% increase year-on-year. The increase was significantly ahead of the inflation rate due to additional measures to support employees. At our international companies, remuneration is determined based on collective bargaining agreements and local labour legislation, and is also indexed annually.

Average monthly salary at NLMK Group's Russian companies, RUB '000/person



The company does not tolerate any form of discrimination on grounds of gender or other factors when implementing or further developing its remuneration system. The company adheres to the equal pay for equal work principle and complies with legislative labour requirements.

The methodology for calculating this indicator implies taking into account the actual payroll for the initial grades in each of the categories. The difference in the salaries of men and women

in working and STEM professions is due to higher pay for those employed in difficult and hazardous working conditions, in which the share of women is traditionally lower.

In 2021, 47,438 employees of NLMK Group, or 93.7% of all staff, underwent an official performance assessment. [GRI 404-3](#)

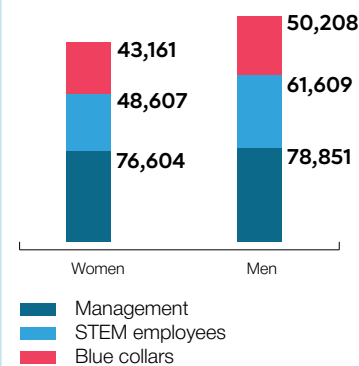
The company also continues to develop an end-to-end management system that aims to achieve the Group's goals

(Management by Objectives, or MBO). Nearly 11,000 employees receive their annual bonus based on their achievement of key performance indicators (KPIs). All employee KPIs are linked in a single cascade of the Group's strategic goals down to functional area goals.

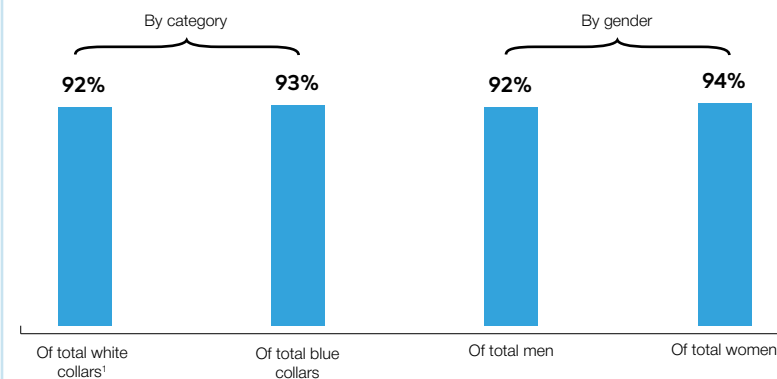
Bonuses for employees not covered by the MBO system are paid monthly based on the performance indicators of their unit or position.

¹ The average salary is calculated based on the NLMK Group methodology, which is based on the guidance of Article 139 of the Russian Labour Code, Decree of the Russian Government No. 922 dd. 24 December 2007, Methodological Provisions on Statistics (Issue 1,2,3,4,5) of the Federal State Statistics Service, and includes remuneration for time worked, vacation pay, compensation payments and bonuses. The average monthly salary is calculated as the payroll for the period divided by the average number of employees for the period divided by the number of months in the period.

Average monthly salary of entry-level employees by gender and category at Russian NLMK Group companies in 2021, RUB '000
GRI 405-2



Proportion of NLMK Group employees who received a regular performance and career development review, by category and gender as of 31.12.2021, persons
GRI 404-3



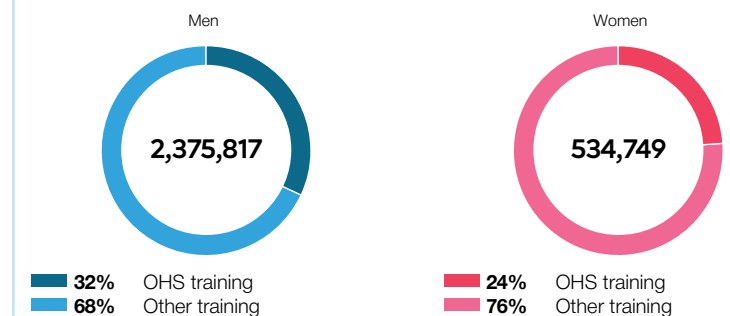
Training and development

Employee proficiency and qualifications are an important factor in ensuring sustainable development at NLMK. An effective system of training and development is based on job profiling, regular knowledge tests and the use of modern training formats (microcourses, distance learning).

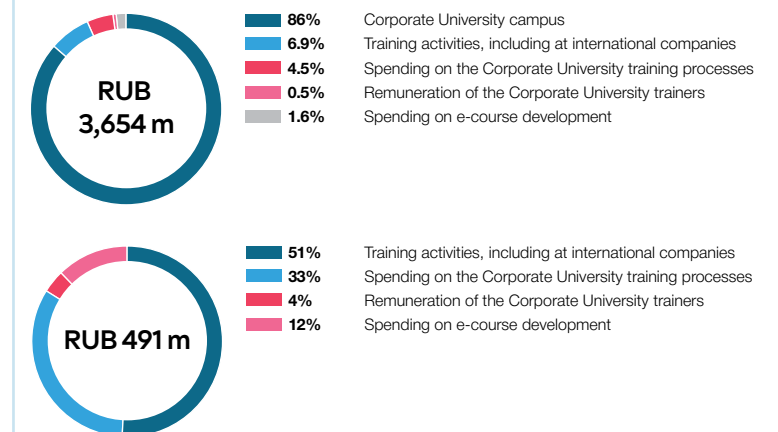
NLMK invests significant resources in the training and development of its employees. The share of specialists trained in the reporting year was 96%. In 2021, total spending on training and development of employees amounted to RUB 3,654 million, with RUB 3,163 million invested in the construction of the Corporate University campus in Lipetsk, RUB 252.4 million – in training events, RUB 220.7 million – in educational processes of the Corporate University and the development of e-courses, and RUB 17.7 million – coaching costs. Thus, the average amount spent per FTE on training and development is RUB 67,200 and RUB 9,000 excluding investments in the construction of the Corporate University campus.

In 2021, the NLMK employees received a total of 2,910,566 man-hours of training (including OHS training), with 154,695 of them delivered to NLMK Group's Russian companies via the Corporate University. Divided by NLMK Group's average headcount, this means 57.5 hours of training per FTE (61.0 hours divided by the average headcount of the Russian companies). [GRI 404-1](#) NLMK Lipetsk employees also provide trainings on the company's professional competencies to students of basic educational institutions. These trainings not only educate potential employees for NLMK Group but also help mentors

Total number of training hours



NLMK Group investment in employee training and development in 2021 [GRI 404-2](#)



develop themselves. Altogether, in the reporting year, 1,047,862 man-hours of training were given to students.

The overall time of OHS training in 2021 was 891,215 man-hours (536,640 man-hours of external training, 331,407 man-hours of in-house training, and 23,169 man-hours at the Corporate University).

The training process is aimed at developing industry employees and solving priority problems in a rapidly changing business environment. It consists of several stages, which include not only educational programmes for the company employees, but also development of potential future employees – schoolchildren and students of colleges and universities. [GRI 404-1](#)

Features of the MBO system

- At the CEO-1 level, curators are appointed who are responsible for building a cascade of strategic goals through the MBO system at all levels of management
- Objectives are discussed and agreed between the manager and their employees. Constructive two-way feedback is given throughout the year and at the end of the year
- Employee development plan is developed that allows them to improve their managerial and professional skills year by year

According to the MBO system, annual performance is assessed using a scale of ambition: when a KPI is exceeded, the bonus also increases. The maximum possible bonus for a quantitative KPI can reach 150%, for a qualitative KPI – 120%.

By 2023, NLMK Group plans to extend the MBO system to cover 100% of employees at all levels, including blue collars.

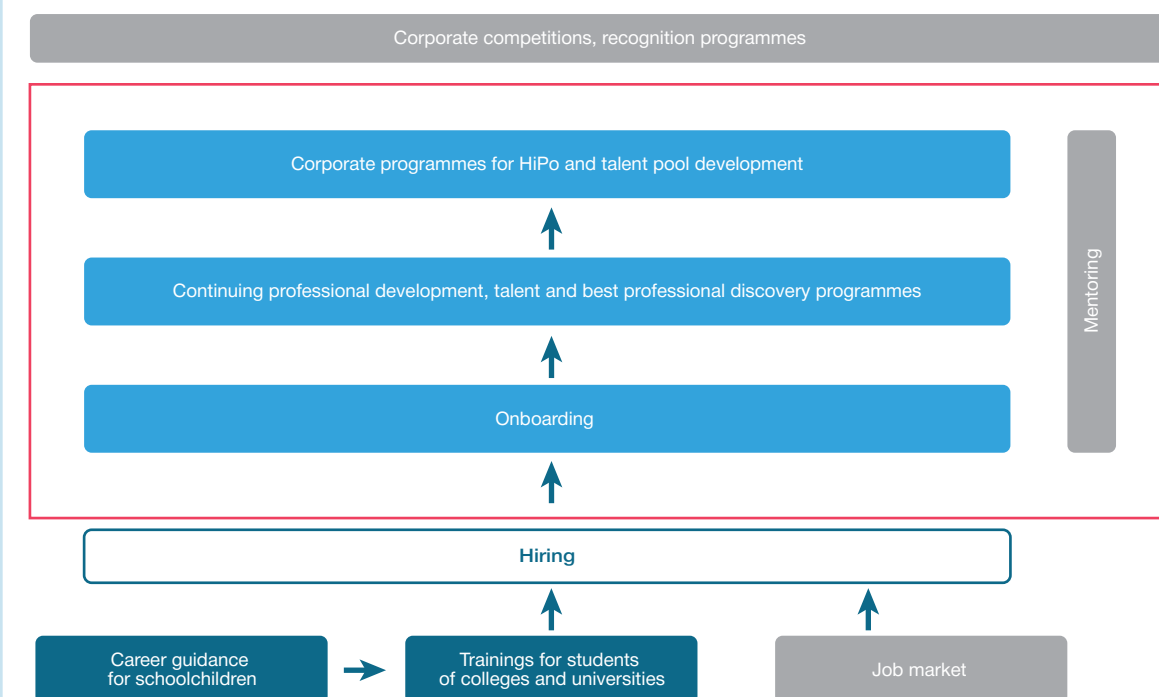
Incentive systems for individual groups of employees are also being developed: incentives for participating in project activities, incentives for initiatives, etc.

All of them are coherently linked to the main remuneration systems, complement each other, and expand the opportunities for pay growth. In 2021, a special focus was placed on identifying employees with below-the-market-level pay in order to increase their pay levels more quickly.

NLMK has a personnel relocation policy. The company is interested in allowing employees to move freely to new jobs in any regions where we operate, thereby enhancing opportunities for career and professional growth.

¹ White collars are managers, specialists, and office employees.

Training and development process at NLMK



Work with students

Training of personnel on the basis of specialized educational organizations

With a view to increase the share of highly qualified specialists in the labour market, NLMK cooperates with more than 20 specialized educational institutions in the regions where it operates: technical schools, colleges, and universities. Future employees receive in-depth training in competencies that are relevant to NLMK, do internships at the Group's companies, perform real work tasks and participate in NLMK projects. In 2021, a pilot project was launched on targeted learning for students of secondary vocational education.

Basic educational institutions (BEI) are focused on training personnel commissioned by NLMK. They are involved in joint projects, offer integrated training programmes, and attract experts from production. BEI students receive a corporate scholarship. They do internships at NLMK Group enterprises, including on the basis of targeted training agreements.

NLMK Group also helps with training supplies for colleges and technical schools, and employees of production departments give classes on theory and practice.

Efficient cooperation with schools, continuous education centres, and institutions of secondary vocational and higher education not only attracts young professionals to NLMK, but also forms the company's image as a preferred employer in the regions where it operates.

The Academy of Steel Opportunities programme was launched in 2021. The programme offers internships to undergraduate STEM students of Russian universities.

ReSolve CORPORATE CASE CHAMPIONSHIP

For young people who want to develop and become part of NLMK Group, the company organizes NLMK ReSolve, a corporate case championship, for students of universities and vocational schools aged 16 to 25 years. At all stages of the championship, teams are advised 24/7 by NLMK Group mentors.

In 2021, 375 students took part in the case championship. During the event, student teams were consulted by 45 NLMK Group mentors.

Following the championship, 10 best teams participated in the nationals of the Metal Cup championship, two of them reached the international grand final and joined the Russian national teams.

The Academy of Steel Opportunities is a programme aimed at developing undergraduates and graduates of various specialties, which allows them to immerse in the corporate culture.

More than 2,000 applications were submitted to participate in the first wave of the Academy of Steel Opportunities, of which 75 interns were selected. In May 2022, the third stage will be completed, following which the best interns will be offered employment at NLMK Group.

Career guidance for schoolchildren

As part of cooperation with schools and continuing education centres, the company implements a wide range of outreach and educational activities through corporate career guidance projects, including steelmaking shifts, the School of Professional Skills, NLMK Class, training schoolchildren in working professions, Children Corporation, and Combinatorium: Build your Career! board game.

In 2021, one of the key projects aimed at actively attracting young people was the Children Corporation project, which introduces schoolchildren and parents to the world of professions. As part of the second wave of the Corporation Children project, career guidance was provided to the children of the company employees and orphans in the region. 194 children (98 orphans, 96 children of employees) took part in career guidance activities and social events for 10 months. Following the programme, 90% of the children chose NLMK Group companies for their internship.

The project took third place in the Best Programme for Schoolchildren nomination of the Russian Graduate Awards 2021 competition.

COMBINATORIUM: BUILD YOUR CAREER!

NLMK developed Combinatorium: Build Your Career! board game to introduce various career paths to schoolchildren and students. Players get acquainted with the company's career guidance programmes, NLMK partners in the field of personnel training, professions, benefits, competitions and other opportunities that promote career development at the Group's companies.

The NLMK Navigator mobile app for schoolchildren, students, parents and teachers offers information on career guidance programmes and how to sign up for them.



Staff onboarding

In 2021, onboarding programmes for new hires were updated.

An online onboarding training course was developed for all NLMK Group enterprises. It introduces newly hired employees to the company, production technology, products and customers, as well as the NLMK Production System, Safety Culture and development opportunities. In 2021, over 4,000 new NLMK Group employees took the course.

Development of managerial competencies following on annual assessment. Competence Development Digital Guide

In 2021, a pilot project was implemented to develop managerial competencies following an annual assessment. Within its framework, Competence Development Digital Guide was introduced, encompassing

managerial, end-to-end professional and corporate competencies. Using the development activities from the Guide and based on personal assessment results, each employee can easily form individual development plans (IDPs). It helps to focus on the development of those competencies that employees fall behind on through, first of all, solving urgent problems in the workplace. The Guide includes all internal educational resources: e-courses, books from corporate libraries, as well as educational solutions of the Corporate University. As part of the pilot in 2021, 1,700 employees completed their IDPs. Four months later, a selective competency assessment was conducted, which showed that close to 90% of the assessed employees improved their result.

NLMK Corporate University

GRI 404-2

NLMK Corporate University was established in 2016 in order to centralize and implement a unified system of management education in NLMK Group.

The mission of the Corporate University is to make the company more competitive by helping to develop the leadership skills of managers and talent pool members, and to develop the company's ecosystem encompassing representatives of client, partner, and contractor companies.

Objectives:

- Development of NLMK managers at all levels, enhancing the management system by instilling unified work standards, uncovering managers' leadership potential, and developing managerial competencies
- Identifying and rolling out best practices through leaders' participation in learning solution development
- Supporting organizational change and strategic projects by creating an integrated information environment and focusing on cooperation and teamwork

- Developing NLMK Group's leadership capital, creating an environment of engaging leadership

The target audience of the NLMK Corporate University includes over 6,900 company leaders, including the talent pool.

The recommended percentage of managerial training per employee is approximately 5% of their working hours annually. The target for training cycles completed in 2021 was 17,823, which was exceeded within the reporting period and reached 101%.

On average, members of the Corporate University target audience receive 17.2 hours of training.

The Group's international companies and companies across the NLMK ecosystem also use Corporate University learning solutions.

The Leaders Train Leaders approach

Senior and middle managers and key experts at the Group assist in the development of the Corporate University learning solutions and deliver training as internal trainers for at least four days every year. Company vice presidents act as trainers for foremen and line managers in various functional areas. The Leaders Train Leaders approach is the foundation of training in the Corporate University enabling:

- An engaging environment and unity of meanings via sharing personal experiences
- An exchange of views, which ensures an effective two-way feedback channel during training
- Managers' development through training by repeated internalization of educational content

All internal trainers complete a special certification programme and receive further advice from the Corporate University in order to ensure that all learning solutions are taught to the highest professional standards. In 2021, over 400 NLMK leaders became internal trainers.

The Leaders Train Leaders approach is evolving through scaling up a single methodology within both the company and its ecosystem of partner companies.

Learning solutions

All Corporate University learning solutions are a synthesis of the knowledge and best practices of NLMK Group's experts and cutting-edge international developments.

Today, the Corporate University portfolio includes over 160 learning solutions of various formats broken down into four streams:

- Strategy and Value Creation
- Leadership and Teamwork
- Operational Efficiency and Safety
- Project Management

In 2021, the company introduced learning solutions in English for the staff working at the international sites in Europe and the USA, covering more than 200 international employees.

Leadership Development Programmes

Leadership development programmes is a new stream added to the Corporate University's portfolio of learning solutions in 2020. In 2021, the Corporate University delivered two leadership development programmes.

In September 2021, another stream of Level Up programme was launched to develop the mid-level talent pool. At this level of management, the learning content is focused on nurturing future heads of workshops and departments who make important decisions that directly affect the essence and results of a business unit. The core competencies developed under the six-month programme are systems thinking, collaboration, performance management and continuous improvement.

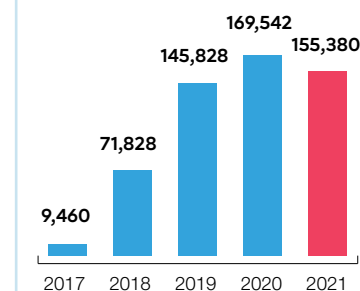
In 2021, a project-based approach was used for the first time in the programme: the participants were requested to choose a goal for the upcoming year, formulate a related problem and come up with a solution that can impact the achievement

of the company's strategic targets. To reach this goal, they need to complete a project, where they have to agree on the task and the intention for how to solve it with their immediate supervisor and continue working on this task during the Systems Thinking course.

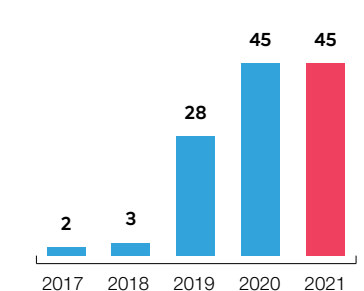
In 2021, the company continued cascading the Foremen School Programme, reaching a target audience of over 2,500 people. Three more streams were launched, and currently, more than 1,500 NLMK Group employees are studying at the Foremen School. The programme is aimed at developing managerial competencies of NLMK foremen and candidates to foreman positions from the talent pool. Foremen are expected to improve their efficiency in solving operational problems and developing human resources, gain process management skills in their areas of responsibility and learn how to facilitate interactions within their departments and between other functional units.

In 2021, the Kirkpatrick-Phillips Evaluation Model was introduced to assess the efficiency of the NLMK Corporate University.

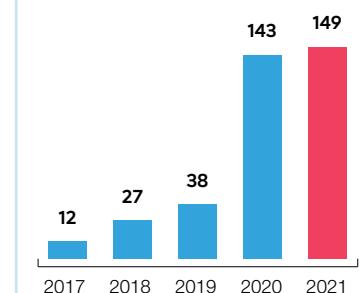
Development activities, hours



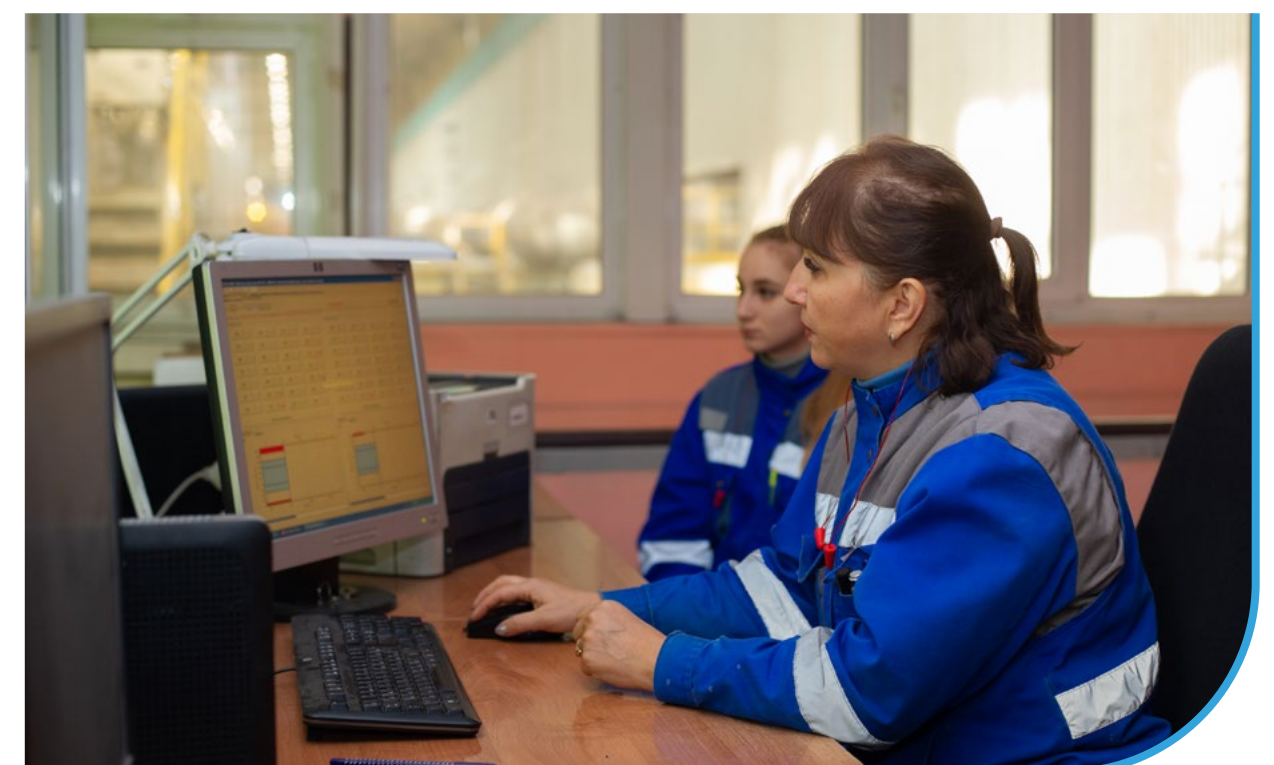
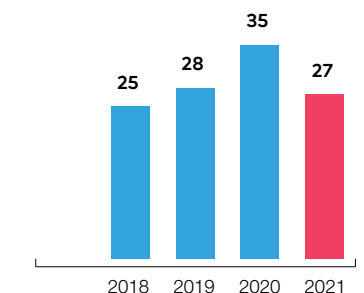
Learning solutions



Online courses offered by the Corporate University



Sessions and conferences



NLMK Corporate University campus

The 492 capacity, modern conference hall has seats designed with an elevation to ensure comfort and the optimum experience for every participant who wants to see what is happening on the stage. This is a transformative space: the stalls can be folded away in 10–15 minutes to free up the space. Multi-level sector seats resembling an amphitheatre can also be organized on the stage. Thanks to the unique Glassroom technology, a video wall showing live screens of online participants can be used to enhance engagement with the speaker. This way, online lecture and project work participants can get the feel of “being in the classroom”. This technology allows to maintain visual contact and non-verbal interactions between the speaker and the audience and also between the participants. Glassroom can be used beyond the learning process for presentations, press conferences and other online events, which is especially important during the pandemic.

The ground floor of the atrium features an exhibition space. The second and third floors host rooms that can be used for various events, including training sessions, whilst the fourth floor has a space for design-thinking meetings.

The campus will become a point of attraction for residents and visitors of the city, as well as for the employees and partners of NLMK Group.

Investments in the project amounted to RUB 4.3 billion.

International collaboration

Since 2019, the Corporate University has been a member of several international associations: the European Foundation for Management Development (EFMD), the Executive Corporate Learning Forum (ECLF), and the Education and Training Committee (ETCO) of Steeluniversity & Worldsteel.

NLMK CORPORATE UNIVERSITY WON A NUMBER OF PRESTIGIOUS AWARDS

In 2021, NLMK Group’s Corporate University won the Grand Prix of the Crystal Pyramid 2021 HR Award in the Best Corporate University category.

The Smart Pyramid 2021 Award was also presented to the NLMK Group Corporate University. The company took second place in the Best Corporate Training Programme category with its Foremen School programme. The jury noted the efficient staff development practice exploiting hybrid training formats and highly praised the series of videos telling the stories of foremen as a good innovation that contributes to the adaptation of the content to the target audience specifics.

INTERNATIONAL RECOGNITION

NLMK Group’s Corporate University has entered the CLIP (Corporate Learning Improvement Process) international accreditation programme of the European Foundation for Management Development (EFMD), a leading independent corporate training organization that audits and evaluates all aspects of training and development for compliance with international quality standards. The next steps will be the preparation of a self-assessment report followed by the visit of the audit committee and the receipt of the quality status recognition from the European Foundation for Management Development in 2022.



In 2021, the NLMK Group Corporate University launched a new website at <https://university.nlmk.com/>.



Assessment and development of professional competencies

In 2021, the company continued to modernize the internal corporate system for assessing and developing the professional competencies of employees. The main emphasis was placed on updating the assessment of knowledge that affects the efficiency of the performance of production tasks in order to identify areas for further development.

In the reporting year, the following was introduced into the process:

- Assessment of knowledge on corporate ethics and anti-corruption, actions of employees in case of a conflict of interest
- Development of a Competence Development Guide, through which business experts can offer generalized and highly specialized development activities
- Development of programmes for functional and industrial academies based on the results of the evaluation.

Vocational training

GRI 404-2

Vocational training and onboarding programmes for NLMK employees play a significant role in the training process given the nature of the company’s operations. These programmes include training that qualifies employees to access production sites and work with equipment as well as specialist vocational training. Training takes place at NLMK sites or in collaboration with certified third-party training institutions. For example, NLMK Lipetsk has an educational centre that holds state-licensed training sessions in over 300 occupations.

The development of production academies, internal educational solutions on professional competencies, continues.

Their aim is to give key professional knowledge required for a specific position and are intended for specialists and managers of a specific production area. The main resource of production academies are internal experts – specialists with the greatest experience and knowledge. They take an active part in the development of training programmes, ensuring professional expertise continuity.

One of the important professional competencies of managers and specialists is knowledge of English. In 2021, the development of the corporate English language training programme continued.

Independent qualification assessment

Independent qualification assessment in NLMK Group started at the end of 2020 with the opening of two qualification assessment centres at NLMK and NLMK Long. The main purpose of an independent assessment of qualifications is to confirm the compliance of the professional competencies of employees (knowledge, abilities, and skills) with the requirements of the professional standard. Based on the results of the assessment, the employee receives an industry certificate of qualification, valid throughout the country.

The unique model of industry-specific professional assessment of workers formed the basis of the independent assessment system for steelmaking qualifications. In 2021, the independent assessment of workers expanded from 3 to 15 qualifications. Since the opening of these centres, over 400 workers have already confirmed their qualifications at the industry level.

In 2021, qualification assessment centres and NLMK Group’s technical experts actively participated in the development of federal professional standards

and industry assessment tools. In the same year, NLMK Group topped the Industrial Personnel Qualifications Assessment nomination in the Best Application of the National Qualification Tools competition organized by the National Agency for the Development of Qualifications.

Talent Pool

NLMK Group creates opportunities for employee development and promotes their career growth. To support and promote promising employees, the company has had a talent pool programme for several years. This is the first step on the path to career growth. When filling in a managerial position, talent pool members are considered first. Talent pool members are trained according to the plan, developed specifically for each management level.

In 2021, 78% of the talent pool members were appointed to new positions. At the moment, the talent pool covers 88% of senior and middle management positions, the target for 2022 is to achieve 90% coverage.

The League+ high-potential employee identification and development programme, launched in 2021, is another window of opportunity for the Group’s employees. It is aimed at finding and developing people with leadership potential for faster career advancement, regardless of their position or function. A modular development programme with an emphasis on project activities and leadership potential fulfillment was developed for the League+ participants.

Career planning

The Career Routes project is a new HR process at NLMK Group. It helps employees to navigate career verticals and horizontals, choose a suitable goal for themselves and develop in the chosen

direction. The project offers employees all possible career options through a clear roadmap.

Mentoring

The development of the mentoring system is one of the key areas of NLMK Group's HR strategy. More than 8,000 employees in the company have the status of a mentor, and their pool is growing with more than 1,000 people joining annually.

In 2021, NLMK Group's mentoring system underwent a major transformation. The updated system is designed to preserve the stable traditions of vocational training, onboarding and project activities. New approaches to selection, training, development and recognition of mentors were introduced.

Employee support

GRI 404-2

NLMK provides opportunities for career advancement within the Group and offers free re-skilling programmes. Should an employee wish to switch specialization, we are ready to provide full support in acquiring new skills. The company offers employees the opportunity to proactively apply for company-reimbursed training in order to gain new qualifications and progress in their careers at NLMK.

Former NLMK employees that are highly skilled and have unique experience have the opportunity to act as expert consultants, passing on their knowledge and experience to new company employees on the basis of a paid services agreement.

Career coaching

In 2021, a pilot project was implemented to introduce career coaching in a group format. Career workshops were organized for participants in two streams of the League+ programme for high-potential employees. In the future, it is planned to train internal career coaches to work individually with employees on their careers.

Incentive and recognition programmes

In 2021, NLMK Group's five sites hosted the Master of the Year corporate competition, in which over 240 people participated. The competition is aimed at forming a progressive team of middle managers, increasing motivation for the development of managerial and professional competencies.

In November 2021, NLMK Group launched the NLMK Sferrum recognition programme. By participating in the recognition programmes, employees receive ferrums, a corporate currency that can be saved

and exchanged at the Group's online store for useful goods at any time. Corporate currency can be earned by participating in four programmes: Academy of Steel Opportunities, Safety Academy, the Innovation Lab's Innovation Award programme, and the Bestseller sales service programme.

360/180 degree feedback

Since 2018, the company has been using the 360/180 personnel assessment system. It is a 360 degree feedback survey based on SAP SF. Respondents' answers are anonymous and aggregated. The results of the assessment are fully confidential.

NLMK Group's corporate and managerial competencies model is mainly used as criteria for the 360 degree appraisal. Any manager or employee, in agreement with their immediate supervisor, can request a feedback and include respondents at their discretion. The results of the assessment are used to determine development goals and cannot be the basis for making HR decisions (dismissal, bonus reduction, etc.).

In 2021, more than 170 employees requested 360 degree feedback.

Social Policy GRI 401-2

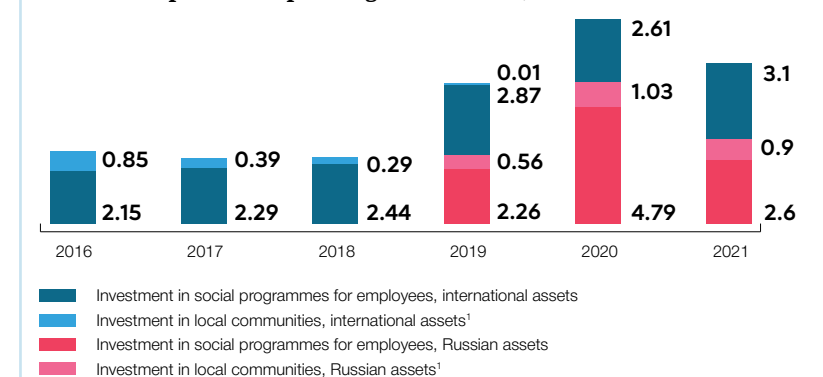
Corporate social programmes are a key tool for supporting high employee engagement, which also creates additional labour market advantages. Social policy issues fall within the remit of the Human Resources function. This makes social projects more effective and targeted, focusing on the real needs of employees, and enables efficient feedback analysis. The company's internal social policy is focused on supporting the objectives of NLMK Group's HR Strategy and sustainable development goals.

The Report presents consolidated data on the social support of NLMK Group employees. In order to standardize processes and organize work on budgeting social expenses, NLMK Group companies are guided by the Regulations for Budgeting Social Expenses, which came into effect in 2020. The Regulations establish the procedure and rules for the formation of expenses for social programmes aimed at supporting employees of the company, their family members, NLMK Group retirees, etc. Expenses are recorded on an accrual basis.

In 2021, NLMK Group continued to implement its Social Strategy until 2022, approved by the Management Board in 2019. The Social Strategy is a set of programmes that promote the long-term sustainability of business taking into account the interests of both the company and its employees. The Strategy's key objectives include:

- Achieving a high and well-balanced level of staff satisfaction and engagement
- Reducing waste (time, health, personal efficiency)

NLMK Group's social spending in 2016–2021, RUB bn



- Higher competitiveness and attractiveness of jobs and the employer

The Social Strategy sets out KPIs, the structure of social programmes, and key aspects of such key programmes, including: Medical Services, Catering, My Family, Sports, and Communities.

NLMK Group's total social investments in 2021, including NLMK Group's international assets, stood at RUB 6.6 billion, of which RUB 5.7 billion was allocated to social support programmes for NLMK Group employees.

Wellbeing and social support

In 2021, NLMK Group updated its understanding of social support: the Employee Wellbeing Programme was adopted, based on modern practices and methods for a comprehensive assessment of employee wellbeing.

The company aims to create a corporate ecosystem that promotes employee wellbeing and helps them unlock their potential for their own benefit and the benefit of the company.

NLMK Group's Wellbeing Programme covers the following six areas: physical health, mental health, mindfulness and development, financial wellbeing, corporate citizenship, and diversity and inclusion. The company strives to implement programmes and activities to support employees in order to achieve balance and harmony in various aspects of their lives.



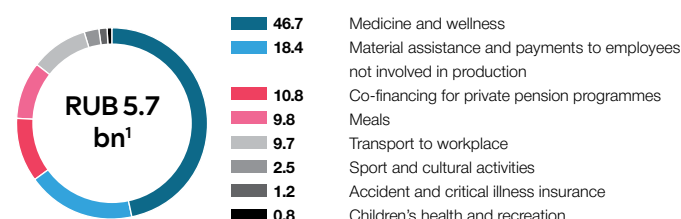
Area	Activities
Physical health	<ul style="list-style-type: none"> • Mandatory medical check-ups • Check-up programmes (voluntary health insurance (VHI)) • Preventive immunization programmes (VHI) • Outpatient and inpatient care (VHI) • Health-resort treatment (for certain groups) • Healthy Choice lifestyle programme • Organization of physical activity (sports games and competitions, gyms, Nordic Walking project)
Mental health	<ul style="list-style-type: none"> • Additional days off work in case of significant events (birth of a child, death of a close relative, etc.) • Flexible work schedules, remote work opportunities • Employee Assistance Programme: advice on legal, psychological, financial, and tax issues

¹ For more information about investment in the development of local communities, see the Development of Local Communities section.

Area	Activities
Mindfulness and development (part of the Education and Development budget)	<ul style="list-style-type: none"> Career routes Development of professional and managerial competencies Development programmes for high-potential employees Recognition programmes
Financial wellbeing GRI 201-3	<ul style="list-style-type: none"> Decent salary Non-state pension schemes Material aid Children's health and recreation Food co-financing (NLMK Eats!) Accident and critical illness insurance payments PrimeZone corporate discount programme Corporate transfer to workplace
Corporate citizenship	<ul style="list-style-type: none"> Cultural events and competitions Sports events Corporate volunteering Corporate charity Shared activity clubs
Diversity and inclusion	<ul style="list-style-type: none"> Communication campaign for employees on the main aspects of D&I, their values for people, organization, and society School of parent-child relations Programmes to foster culture within the company Updating the Code of Ethics

In 2021, NLMK Group continued to develop its comprehensive Employee Health Programme [GRI 403-6](#), focusing on physical and mental health of employees. In 2021, two new elements were added: a comprehensive employee support programme and a pilot project to assess employee's stress level.

Social support costs for NLMK Group employees (including international companies) for 2021 by area, %



COMPREHENSIVE EMPLOYEE SUPPORT PROGRAMME

In 2021, a comprehensive employee support programme was launched at the company's Lipetsk and Moscow assets. Now the company's employees can get free advice from a lawyer, a healthy lifestyle expert, a psychologist, and a financial advisor at any time. In the first three months, close to 1% of employees used this opportunity, and the number is constantly growing. A selective survey of employees who used the service showed that 100% of employees perceived it as an expression of thoughtfulness, on a scale of 1 to 5 84% of users rated the professionalism of experts and the quality of advice at four and five points, respectively, and 89% would recommend the service to their colleagues. Legal advice is the most popular among employees (70% of requests), 60% of users are men, 40% are women.

In 2022, the programme will be expanded to all Russian companies of NLMK Group.

Children's health and recreation

In 2021, NLMK Group launched a comprehensive health programme for the children of all Russian employees. Taking into account the current restrictions on the capacity of children's health facilities in 2021, more than 700 children benefitted from the programme. Parents could choose one of three options:

- Regional summer camps
- Mother and Child health programme
- Summer camps in the southern regions of Russia

The company purchased vouchers for the children of employees aged 11 to 15 to a summer seaside camp, organized transfers for them and paid for their insurance.

Healthy eating

The company develops and promotes a culture of healthy eating at NLMK Group companies as part of the corporate nutrition programme "NLMK Eats!" launched in 2020–2021.

As part of a strategic partnership with federal catering operators, the company:

- Improved the quality of food and service in corporate canteens and buffets
- Introduced online orders and delivery of hot meals (lunch boxes) to remote production sites and offices. In 2021, close to 17,000 lunch boxes were ordered and delivered
- Introduced partial subsidy for meals for employees
- Installed vending machines with special food for employees working in harmful and hazardous working conditions

Accident and critical illness insurance

[GRI 403-6](#) [GRI 403-10](#)

In 2021, the terms of the accident and critical illness insurance programme were amended based on the results of the first year of its implementation.

This type of insurance implies payments to employees in case of accidents, including those that occurred outside the production and office, for example, at home or on vacation, as well as when diagnosing critical illnesses (including cancer). In addition, the programme provides for additional payments for the initial diagnosis of occupational diseases and long-term disability.

Healthy Choice project

[GRI 403-6](#) [GRI 403-10](#)

The implementation of the Healthy Choice programme continues. The project fosters healthy lifestyle culture among employees, aiming to increase the commitment of staff to the basics of a healthy lifestyle, to identify and involve the leaders of this movement (health managers) in promoting and supporting best healthy practices among employees. As of the end of 2021, more than 1,000 employees participated in the programme.

Diversity, equality and inclusion

NLMK Group, as an international socially responsible company, promotes the culture of diversity, equality and inclusion. NLMK employs people of different ages, gender, education, marital status, young mothers and fathers, parents raising children with disabilities, representatives of many nationalities and cultures.

Gender balance

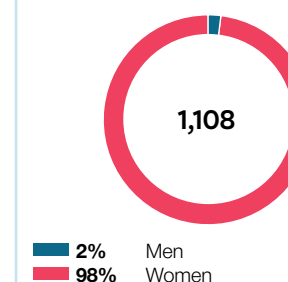
NLMK Group strives to maintain gender balance, taking into account the specifics of the steel industry, provides the necessary support to working parents and their children, and takes care of the health of future generations.

The company pays special attention to women's health, support for pregnant women and young parents.

In 2021, 375 employees of the company used the right to take early paid parental leave before the birth of a child. All employees, regardless of gender, can receive financial assistance at birth and take parental leave. In 2021, 2% of male employees took parental leave. In total, the company employs more than 4,000 parents raising children under the age of three. [GRI 401-3](#)

The company is developing measures to ensure equal career opportunities for women, encouraging their participation in leadership programmes and competitions. The corporate media highlight successful examples of women's career growth and work-life balance.

Employees on parental leave, pers. [GRI 401-3](#)



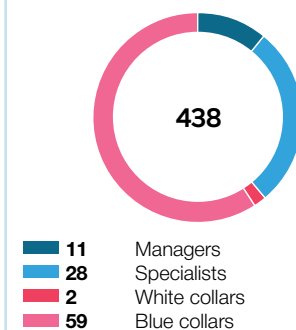
¹ Including RUB 2.6 billion spending on social support for employees of the Russian assets.

Inclusion

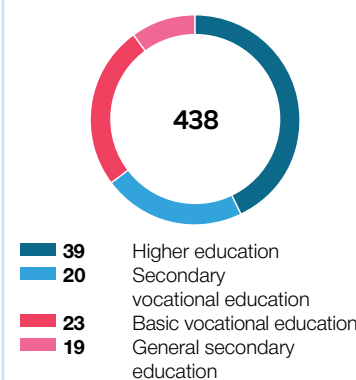
The company strives to create equal employment and career opportunities for people with disabilities.

The company employs 445 parents of children with disabilities and provides them with financial assistance and additional days off.

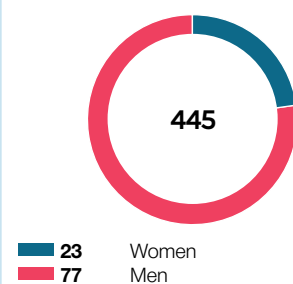
NLMK Group employees with disabilities by category, %



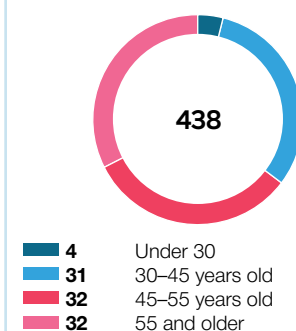
NLMK Group employees with disabilities by level of education, %



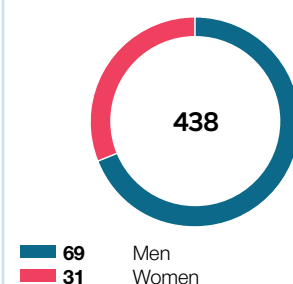
Employees raising children with disabilities, %



NLMK Group employees with disabilities by age, %



NLMK Group employees with disabilities by gender, %



The company is looking to raise the level of staff awareness of the principles of interaction with employees with disabilities, and plans to hold thematic webinars and educational sessions on the topic of inclusion in 2022. In 2021, a Working Group on Diversity and Inclusion was created under the leadership of the Vice President for Human Resources and Management System.

The company actively promotes the principles of diversity and inclusion among employees under the #NotDifferent heading on the corporate portal. In 2021, the company's employees took part in the UN GC Target Gender Equality accelerator. The Group also took WEP's gender gap survey, which uses

EMPLOYMENT OF PEOPLE WITH DISABILITIES: THE FEDERATION COUNCIL ROUND TABLE

The experience of NLMK Group in employment of people with disabilities was discussed at the round table of the Federation Council on social policy on October 5, 2021. The discussion was attended by representatives of federal ministries and departments, higher educational institutions, non-profit organizations; the position of business and employers was voiced by NLMK. The participants of the event came to the conclusion that there is a need for more active cooperation on the employment of persons with disabilities between the state, specialized non-profit organizations and, of course, business. The recommendations of the round table participants formed the basis of the final resolution and relevant draft laws.

the UNGC methodology. The results of the assessment confirm that the company is aware of the importance of gender equality issues and is taking positive steps to improve it.

NLMK Pulse corporate survey

In 2021, the NLMK Pulse corporate survey covered more than 38,000 employees, or 80% of the average headcount at the Group's Russian sites. Participation in the survey gives each employee an opportunity to directly impact changes in the company.

Following the 2021 survey:

- More than 400 meetings were organized to improve the efficiency of communication between managers of different levels and employees
- Over 1,000 jobs became safer and more environmentally friendly thanks to measures to minimize the impact of harmful operational factors
- RUB 125 million was invested in improving working conditions: repair canteens, dining rooms, and gyms
- Close to RUB 300 million was invested in the renovation of sanitary facilities.

The NLMK Pulse survey will cover both Russian and foreign companies in 2022.

In 2021, a detailed survey was conducted on staff satisfaction with social programmes (the survey takes place every three years). In 2021, the survey included questions on diversity, equality and inclusion for the first time. More than 5,000 employees of NLMK Group's Russian assets took part in the survey, or close to 12% of the total headcount. The results of the survey will be summarized and analysed in Q1 2022 and taken into account when updating the social policy.

Trade union organizations and collective bargaining agreements

The company fully complies with the requirements specified in collective bargaining agreements, and also interacts with representatives of trade union organizations. Collective bargaining agreements are concluded both at Russian and foreign companies of the Group. They apply to all employees, regardless

of their membership in a trade union. The company announces the possibility of joining a trade union organization in its corporate media, including its corporate portal.

Representatives of NLMK Group regularly participate in the activities of working groups and commissions in the Association of Metallurgists of Russia, an all-Russian industry association of employers, to improve the Industry Tariff Agreement and negotiate with the Mining and Metallurgical Trade Union of Russia. In 2021, with the participation of representatives of the company, an agreement was signed amending the Industry Tariff Agreement for the metals and mining industry of Russia for 2020-2022.

Number of employees covered by collective agreements, % GRI 102-41

Region of NLMK Group	2017	2018	2019	2020	2021
Russia	100	100	100	100	100
Europe ¹	89	88	88	87	97
USA ¹	n/a	72	71	72	72

Volunteering

The Group companies focus on three main areas in its corporate volunteering activities:

- Environment: campaigns for cleaning and landscaping of local and environmentally sensitive areas, eco-quests for children and youth, environmental hikes, etc.
- Assistance to socially vulnerable groups of people: children, pensioners and people with disabilities, urgent assistance on express requests of the community without employer involvement, etc.
- Healthy lifestyle: activities to promote a healthy lifestyle and engage residents of the 'home' regions in grassroots sports, equipping sports grounds, etc.

As of the end of 2021, close to 1,500 NLMK employees were part of the volunteer movement.

Volunteers were able to put their ideas into practice as part of #NAVolne, the second corporate competition of volunteer projects dedicated to healthy lifestyle, having received grants of up to RUB 100,000.

¹ In % of the actual headcount. In accordance with national legislation, some categories of employees do not have the right to conclude a collective bargaining agreement, the coverage of other categories is 100%.

VOLUNTEERS OF NLMK GROUP AND RESIDENTS OF THE CITIES WHERE THE GROUP OPERATES WERE TRAINED IN SOCIAL ENTREPRENEURSHIP IN MOSCOW

The authors of the Steel Tree projects, residents of the cities where NLMK operates, and the company's volunteers participated in the event, which consisted of theory and practice with a business game, a meeting of employees from different cities, a project fair and much more.

VIZ STEEL AND VIZ VOLUNTEERS CLEANED UP THE BEACH OF VERKH-ISETSKY POND IN YEKATERINBURG

Paper wrappers, household plastic, bottle glass and cigarette butts are unpleasant but constant companions of the modern city. Volunteers from VIZ-Steel and VIZ took part in Clean Coast, a national cleaning campaign, and cleaned up the beach of Verkh-Isetsky Pond.

HEALTH OF SPECIAL CHILDREN

Thanks to Stoilensky volunteers Lastochka kindergarten (No. 52), where a resource group for children with autism spectrum disorders and other mental disorders operates, now has a sensory room. Sensory stress relief area is necessary for the rehabilitation of autistic children. The Magic Country project by Ekaterina Karateeva, a specialist in the HR department at Stoilensky, was implemented as part of the #NaVolne volunteer project competition with the support of the Miloserdie Charitable Foundation, a social partner of NLMK.

Corporate sports

NLMK traditionally provides its employees with all the conditions for necessary physical activity. The company has equipped gyms and playgrounds on its sites, corporate

NLMK KALUGA VOLUNTEERS TOGETHER WITH THE STATE TRAFFIC SAFETY INSPECTORATE HELD A CHILDREN'S EVENT DEDICATED TO TRAFFIC RULES IN THE OBNINSK CITY PARK

Stories of Auntie Traffic Light, an educational programme, aims to prevent child road traffic injuries. The children got acquainted with the traffic police service: the inspectors told the kids about their work and showed what the patrol car is equipped with.

sports facilities, rents external gyms for team sports, co-finances subscriptions to swimming pools and gyms. NLMK also regularly holds corporate competitions and sports days, employees regularly participate in various sports competitions.

NORDIC WALKING

In 2021, the company's employees participated in the national project Nordic Walking – A New Way of Life. It is implemented with support from the Russian Ministry of Sports as part of the federal project Sport is the Norm of Life (part of the Demography national project). More than 150 employees of the Group, united in 15 teams in five regions of Russia, took part in the competition. NLMK Group teams won prizes in each of the company's home regions.

Nordic walking clubs were set up at all sites of the company. As part of the healthy lifestyle promotion, Nordic walking master classes are included in corporate educational programmes.



NLMK AND VIZ-STEEL IMPROVE SPORTS FACILITIES

Renovated gym opened in the motor transport department of the Lipetsk site. It was renovated in accordance with the unified standard of NLMK's sports facilities. Renovation plans include several more gyms on the site.

After a large-scale renovation, a sports hall of the cold rolling shop was opened at VIZ-Steel. In order to encourage workers to do more physical training and sports, VIZ-Steel also co-finances subscriptions to fitness centres, sports sections, swimming pools, etc.

Plans for 2022 and medium term

In 2022, the company will continue to implement projects aimed at increasing labour productivity, taking into account the optimization and improvement of process efficiency, automation and digitalization. Much attention is to be paid to ensuring competencies for NLMK Group's strategically important investment projects.

The active use of people analytics for strategic and tactical staff planning will enable informed decisions and provide NLMK Group with the necessary competencies in the long and medium term.

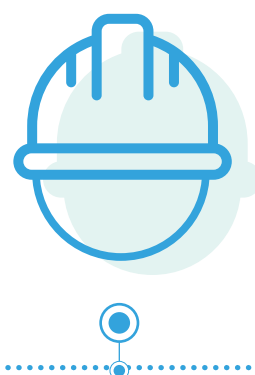
In the field of training and development, in 2022 the company will continue to improve its educational programmes for key working professions. NLMK staff training and development programmes represent a full cycle of continuous professional and personal development – from social projects aimed at professional self-determination to niche educational solutions for specific production tasks.

In 2022, the work on improving the company's onboarding process will continue, focusing on pain points identified in onboarding satisfaction survey.

2022 should be a key year for the Career Routes project, which will cover almost 16,000 people.

The social policy in 2022 will focus on the development of the children's recreation programme, which will include educational activities about NLMK Group, corporate pension programme transformation, expansion of the Healthy Choice project and the corporate volunteer movement. The third competition of volunteer projects in the field of environment will also take place.

Occupational health and safety



Occupational safety is a top priority for NLMK Group. Striving for a zero injury rate at all its operations, the company is continuously improving its OHS management system.

Major themes

Occupational health and safety

Key events in 2021

Results of injury prevention programmes:

- 19% decrease in LTIFR among employees and contractors
- 19% less falls with a level difference
- 13% less same-level falls
- 40% less injuries from moving equipment parts
- 60% less eye injuries

Switched to using improved PPE.

All sites have OHS committees in place chaired by the heads of sites.

Integration of cardinal safety rules completed. Regulations on disciplinary measures for OHS violations entered into force.

Group-wide contest CEO Awards organized for the first time as part of the non-financial incentive programme.

Global Sustainable Development Goals



Key 2021 figures

\$46.4 m

invested in the development of safe production

40
large-scale OHS projects

curated by the company's Top 100 executives

5
top risk programmes

introduced to prevent injuries

40
multifunctional units

purchased for automated medical examinations

NLMK Group's OHS principles

Our employees are our most highly prized asset. Protecting their lives and health is a priority in our production operations

OHS is an integral part of our business and at the heart of our decisions to develop and improve business processes

NLMK Group's OHS principles

All injuries, accidents, incidents, and occupational illnesses can and must be prevented

Safe operations are the responsibility of every employee

In order to implement these principles, the Group is committed to:

- Identifying hazards and efficiently managing risks, thus controlling the level of risk to the life and health of employees and contractors
- Constantly increasing the skills of managers, employees, and contractors in matters concerning occupational health and safety

- Complying with Russian and international OHS regulations
- Ensuring transparency of OHS indicators

OHS issues are regulated at all management levels within NLMK Group. All NLMK employees and contractors are involved in measures to improve workplace safety. The CEO (Chairman

of the Management Board) plays a key role in regulating the company's approaches to production safety. He determines the Group's OHS development strategy and approves its foundational document, the [Integrated Management System Policy](#). [GRI 102-20](#)

Our approach to managing occupational health and safety

[GRI 403-1](#)

The company's approach to OHS management based on:

- Strict compliance with Russian and international OHS regulations
- Introduction of best practices
- A risk-based approach and control of key risk factors

- Developing and fostering a safety culture among NLMK Group's employees and contractors

OHS aspects are integral components of a large-scale project to develop the NLMK Production System.

To ensure a high level of safety at work, the company is guided by a set of internal principles that shape the OHS culture throughout the Group.

NLMK Group approved its Integrated Management System Policy (IMS Policy) in 2020. This Group-wide document lays out the company's position in the areas of quality (ISO 9001), environmental protection (ISO 14001), energy efficiency (ISO 50001), and OHS (ISO 45001). The Policy was approved as part of Integrated Management System development and is in line with the requirements of international standards. It takes into account the world's best sustainability practices.

The company's OHS goals:

- To follow industry best practice concerning the rational use of material and technical resources and the safety of our production processes for both human health and the environment
- To ensure efficient production with zero accidents, incidents, and near misses through global excellence in OHS and continuous development and promotion of a safety culture among NLMK Group's employees and contractors

Integrated Management System objectives and management liabilities are published at NLMK Group's website.

The company strives to ensure safe production by introducing best OHS practices and by continuously developing and promoting a production culture among NLMK Group employees and contractors. Group management assumes responsibility for providing safe and favourable working conditions and preserving the life and health of NLMK Group employees and contractors. When planning production activities, management takes into consideration the analysis of environmental protection risks. OHS issues are discussed with employee representatives and trade unions. The staff of structural units can submit proposals related to ensuring safety, safe work methods, and actions to improve working conditions.

The company's Management Board is updated on a monthly basis on the status of the OHS Strategy, OHS projects, and the results of occupational accident investigations. These reports make it possible to analyse the performance of the OHS management system and develop steps to improve it. In addition, the Management Board reviews the achievement of OHS KPIs.

These KPIs are included in the annual assessment system for managers at all levels and are taken into consideration when promoting candidates to management positions.

The Occupational Health and Safety Department manages OHS issues at all the Group's companies, including international ones. Each of the Group's companies has an OHS team. Dedicated occupational safety teams operate

in the shops of the largest companies. The development and maintenance of the OHS management system is the responsibility of the project development office within the OHS department. A separate unit works on contractor engagement at major reconstruction and development investment projects. All participants in the OHS management structure, including international companies, collaborate to ensure that a unified approach is adopted to improving safety in the Group. Requirements for compliance with the Group's OHS principles are identical for company employees and contractors.

The list of corporate documents also includes:

- OHS Risk Management Regulations
- Fire Safety Regulations
- Regulations on Machine Enclosures
- Road Safety Regulations
- Regulations on Ensuring Ability to Provide Emergency First Aid and Medical Evacuation
- Regulations Governing the Safe Operation of Lifting Equipment
- Contractor Management Regulations
- Regulations Governing Working at Height
- Regulations on the Use of Safety Behavioural Dialogues

Effectiveness of OHS efforts

Since 2018, our main focus has been on developing a culture of safety at NLMK. Particular attention has been paid to improving the level of safe behaviour: internal and external training sessions have been conducted for Group employees and contractors.

The Group has established the following strategic objectives in matters concerning OHS:

- Zero fatalities involving employees and contractors

- Achieving a total Lost Time Injury Frequency Rate (LTIFR) among employees and contractors of not over 0.5 by the end of 2022
- Raising awareness among staff vis-à-vis personal safety

In order to develop a plan of corrective measures, the company carries out an annual bridge analysis of OHS incidents to identify problem areas

with the highest injury rates and analyse the causes of incidents in the following categories:

- Work-related injuries across NLMK Group, functional areas, and production sites
- Fires and fire safety incidents
- Industrial safety incidents
- Road traffic incidents
- On-site clinic visits

OHS investments

In order to achieve the objectives that have been set in a high-quality manner within the framework of the OHS Strategy, the company invests in this sphere annually. In 2021, OHS expenses amounted to approximately \$46.4 million.

All NLMK Group companies submit their planned measures and projects for OHS risk management to the Investment Committee for review, which decides on allocating funds for their implementation. Priority is given to projects that reduce risks of employee injuries and critical equipment malfunction.

In 2021 over \$13 million was invested into projects to improve production safety in the following areas:

- Industrial safety
- Risk management

- Fire safety (protecting employees and property)
- Improving working conditions for employees

Breakdown of occupational health and safety investments in 2021, %



Management system and certification

GRI 403-8

NLMK is committed to establishing an OHS management system that operates effectively and covers 100% of employees and contractors. As of late 2021, the number of employees covered by the OHS management system was approximately 50,000, or almost 100% of the headcount. In 2021, the company achieved 100% coverage of contractor employees under the OHS management system.

The company carries out certification of the OHS management system at individual enterprises. Initially they were certified for compliance with OHSAS 18001:2007. In 2018, a working group was set up to transform OHS management systems at sites and ensure ISO 45001:2018 certification. NLMK Lipetsk and VIZ-Steel were certified in 2019; NLMK Ural, NLMK Verona, and NLMK Strasbourg

in 2020; and Stoilensky, Dolomit, Stagdok (Mining Division enterprises), and NLMK DanSteel in 2021. More than 30,000 employees were covered by the OHS management system, which was certified by BSI (British Standards Institution). In 2022, the plan is to obtain ISO 45001:2018 certification for the OHS management system at NLMK Kaluga.



OHS risk assessment

GRI 403-2 GRI 403-7

NLMK Group applies a risk-based approach to OHS management. The company assesses risks at all

production operations. As a result of the assessment, absolute majority of identified high risks was eliminated.

In other cases temporary measures have been developed that reduce the amount of risk until corrective action is taken.

INDUSTRIAL MEDICINE

GRI 403-9

The Industrial Medicine Development Strategy includes several major project sets with an emphasis on building up a system of emergency response when providing aid to the injured and ill. In 2021, the company adopted the Regulations on ensuring ability to provide emergency first aid and medical evacuation, as well as the medical emergency response plans at three more sites.

In 2021, the level of on-site clinic equipment increased on average by 48%. The newest equipment was purchased for first aid, condition monitoring, and immobilization. Over 70 health workers in corporate on-site clinics were trained in providing first aid to the injured and in expanded resuscitation at the pre-hospital stage. The health workers took courses certified by the American Heart Association and the European Resuscitation and received international certificates. Training sessions (medical drills) are organized regularly to test emergency medical evacuation plans with various scenarios and injury profiles.

GRI 403-3

As part of the emergency cardiopulmonary resuscitation programme, over 200 high-tech automated external defibrillators (AED) were installed at all Group companies, and over 50 mobile training centres were created and equipped with adult CPR manikins. Over 1,700 company employees took the Cardiopulmonary Resuscitation with AED course. Amid COVID-19 restrictions, two corporate e-courses were developed and are being implemented successfully: Cardiopulmonary Resuscitation with AED and First Aid: Injuries and Critical Conditions.

In 2021, the company established a pool of first-aiders: almost 600 production employees underwent in-person first aid training. In addition, a group of in-house trainers (corporate first aid instructors) was created.

In order to boost the efficiency of pre-shift and pre-trip medical check-ups, over 40 universal electronic check-up systems were purchased. The system covers up to 70% of such check-ups.

GRI 403-10 In terms of managing hazardous factors and occupational diseases, the number of visits to NLMK Lipetsk on-site health clinics with complaints of eye microdamage halved in 2021.

Altai-Koks continues to implement a pilot project for preventing occupational deafness with Hearing Laboratory, a leading manufacturer of personal protective equipment. Individual treatment and prevention programmes were developed for employees with a high risk of deafness. An audit of workplaces with an analysis of noise exceedance was carried out at NLMK Lipetsk.

Staff training and engagement

GRI 403-4 GRI 403-5

In 2021, the company established a system for automatically assigning safety culture courses in line with corporate requirements. Over 85% of employees were trained in OHS tools. Additionally, an approach to employee adaptation after long absences was developed and will be introduced in 2022.

In-house trainers play a key role in building a culture of safe behaviour in the Group: in 2021, over 150 line managers and OHS employees underwent training and became in-house trainers on OHS tools.

In 2021, emphasis was made on practical application of tools, expanding competencies based on assessment and individual development plans, and developing business partnerships for production. Over 82% of employees in the OHS function took the From Inspector to Partner course. Employee engagement in managing unsafe events through the Hazard Reporting IT service was 43% (+91% vs. 2020).

SAFETY CULTURE DEVELOPMENT: LEADERSHIP IN OHS

Throughout the year, the programme for leadership development in OHS was being actively implemented, curated by the NLMK Group CEO.

Since April 2021, OHS Committees operate at all Russian companies of the Group. Meetings are held every month and chaired by the Managing/ General Director.

VIZ-Steel piloted the SafeStart learning solution to foster a responsible attitude to safety not just at work, but also at home. In 2022, the SafeStart programme is to be adapted and rolled out to all Group companies.

ELECTRONIC WORK PERMITS

In 2021, the three main operations of NLMK Lipetsk completed the integration of electronic work permits (EWP). Currently, EWP account for over 95% of the issued work permits. Transition to the EWP system began for the other shops and operations at NLMK Lipetsk, and other production facilities in Russia. The introduction of EWP reduces the time for issuing work permits, helps create a single electronic database for analyzing the quality of issued permits, and also increases control over pre-work activities.



Fire safety

In 2021, particular attention was paid to personnel's readiness for fires and interaction with emergency rescue services. Jointly with fire and emergency rescue services, two major tactical fire drills were held (Altai-Koks, NLMK Lipetsk). In addition, tactical drills were organized at Stoilensky to check the interaction of first responders, medics, and production personnel during accident response.

As part of the programme for fire safety during hot works, actions for fire safety control were taken. In 2021, 28 innovative mobile foam extinction systems were installed to protect rolling equipment as part of the rolling mill fire safety programme.

Specialists from the MARSH insurance broker audited 12 departments at NLMK Lipetsk, as well as Altai-Koks

and VIZ-Steel, as part of a project for external fire safety risk assessment. As a result of these actions, over 1,500 recommendations were proposed based on global best practices.

LOTO SAFETY SYSTEM

The purpose of the LOTO project is to decrease one of the key risks for NLMK Group: injuries from a source of hazardous energy during maintenance or repairs, and in case of contact with rotating or moving parts of equipment, machines, and mechanisms.

All Russian sites underwent an assessment audit. Priority is given to projects in the shops where the risk of personnel exposure during repairs is the highest. All NLMK Group sites are to be covered by the LOTO system until 2025.

In 2020 NLMK's OHS Director officially joined the Safety and Health Committee of the World Steel Association. He participates in the committee's meetings regularly.



Industrial safety

In 2021, the company began to implement the industrial safety management system development strategy, which includes the introduction of proactive and reactive programmes based on incident investigations.

For all industrial safety incidents investigations are carried out, systemic causes are identified, and measures are developed to prevent such incidents from recurring.

In order to prevent industrial safety incidents, a project was piloted to assess industrial safety risks at the NLMK Lipetsk coke and chemical operations, actions were taken to ensure safe equipment condition, and the Regulations on Works in Confined Spaces are being introduced.

The programme of ensuring safety of buildings and structures (B&S) included developing a concept of a B&S condition management system at hazardous production facilities, including the Regulations on B&S Condition Management at NLMK Group companies. B&S standards were updated at all Group sites, a long-term programme of B&S examination was drafted, and alternative ways are being explored to assess the technical condition of B&S based on consultations with the industry's top institutions and EMERCOM.

To develop the competencies of personnel that participates in B&S management, a unique 400-hour training programme was elaborated. It provides basic knowledge in B&S, processes

of construction operations, legal requirements for B&S, reliability-centred maintenance, etc. 85% of employees responsible for the technical condition and repairs of the company's B&S were trained under this programme.

As part of the Crane Safety project, KPMG held an audit of loading and unloading operations. 21 initiatives were developed to prevent incidents involving lifting gear.

The incident investigation programme included the development of the classifier for industrial safety incident levels and the review of the Regulations on Investigation of Industrial Safety Incidents.

Emergency preparedness and incident reporting

NLMK prioritizes efforts to prevent and respond to emergencies. Each company has regulations in place on preventing and managing the consequences of both man-made and natural disasters. The schedule of planned emergency training sessions for 2021 included sessions on fires, gas leaks, acid/alkali spills, molten zinc leaks or spillages, as well as power outages.

In order to ensure timely notification on incidents at the sites, a reporting matrix was created and key participants of the process were identified. Information

sheets indicating the contacts of persons responsible from the OHS service were installed at NLMK sites.

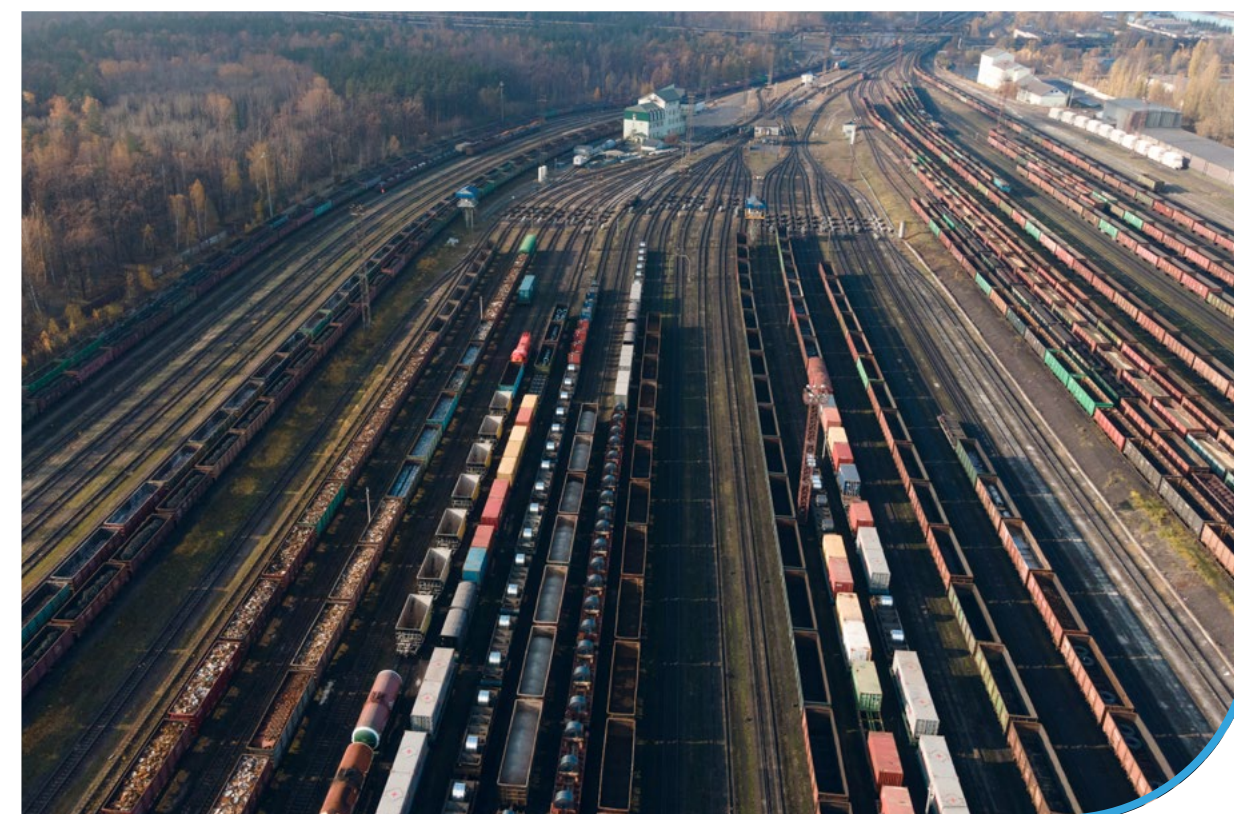
In line with the Regulations on Notification, Registration and Investigation of Incidents in OHS, Industrial Safety and Environment, information about critical-level events or incidents that imply reputational risks must be immediately communicated to the NLMK Group CEO. Incident alerts are sent out for prompt notification of employees and contractors.

The heads of OHS teams at the Group's companies conduct regular inspections during which any employee or contractor can ask a question or put forward a suggestion.

Traffic safety for road and rail transport

The company is developing a culture of safe driving. As part of the project to increase traffic safety for road and rail transport, 928 drivers of road and process transport and 21 in-house trainers took the Defensive Driving course. The training provider is certified by the British Royal Society for the Prevention of Accidents (RoSPA).

An additional traffic safety agreement was developed for contractors. A dedicated course was launched for locomotive drivers: Traffic Safety and Increasing the Quality and Efficiency of Rail Transport Operation.



Personal protective equipment

In 2021, the company continued to implement its strategy for providing employees with PPE. The transition to more comfortable protective shoes with increased protection characteristics and protective goggles with a reinforced layer that prevents scratches and fogging is complete.



OHS Hotline

The hotline launched in December 2019 continued its operation in 2021. Employees have had a positive response to the new OHS communication tool. The toll-free number 8 (800) 600-04-74 and email address HSE@nlmk.com received over 200 employee requests. Employees asked questions about OHS standards and requirements, labour

conditions, working during the COVID-19 pandemic, PPE provision, and to report concealed incidents and any detected breaches or hazards. The OHS team immediately conducted thorough investigations and staff members were given feedback.

The hotline is available 24/7 for all employees of the Group's Russian operations, including contractors, former employees, and trade union representatives.

Partnerships with contractors

In 2021, NLMK Group companies engaged over 800 contractors and subcontractors, as well as outsourced service suppliers with an average headcount over 17,500.

Ensuring safe working conditions for counterparties is an integral part of NLMK's corporate social responsibility and one of the company's strategic goals. Group leadership pays particular

attention to creating an efficient OHS management system for working with contractors and the strategic development of the company's partners. With this goal in mind, the Regulations

on Contractor Management were adopted in early 2021. The document introduced the risk-oriented approach to every stage of a contract's life cycle for investment projects, capital repairs, and outsourcing. A course was developed to reinforce competencies of contractor management, and over 200 specialists and managers took it.

In order to assess how contractor management tools take root, at the end of 2021 the OHS department held an audit of the OHS management system for working with contractors. Seven NLMK Group companies confirmed that the system is effective and the methods and practices applied are in line with the target model.

OHS qualifications are organized for preliminary selection and confirmation of contractors' readiness to abide by legal and group-wide requirements. Qualification is required for any counterparties that intend to provide services on the territory of an NLMK company, regardless of the cost of the contracted services.

A new version of the Regulations on Qualification approved in December 2021 further optimized this process.

In order to consolidate requirements on abiding by the Cardinal Safety Rules, subcontractor management, limiting the number of subcontractor levels, and making changes to the system of fines and bonuses, a new Agreement was approved in the sphere of OHS, industrial and fire safety of operations, environmental protection, pass control, and internal security procedures in Q4. It is signed with all contractors that enter into labour relations with NLMK Group.

In order to develop the competencies of managers, specialists, and contractor employees, seven training programmes were developed and a pool of 22 in-house trainers and 30 trainers among Group contractors was formed.

In order to assess management systems, OHS held a comprehensive audit of 18 contractor organizations. After these actions, plans of corrective measures

were compiled to eliminate any deviations and develop OHS processes. For three contractors, long-term development plans for OHS management systems and safety culture were formed.

In 2021, as part of the Ecosystem project, NLMK Group's OHS tools were integrated in two contractor organizations. It was noted that these practices were taking root and applied in operations to a higher extent (90%).

In October 2021, an OHS Forum was organized to increase engagement of contractors into OHS matters. It was attended by over 40 general directors of contractor organizations. As a result, participants formulated the expectations, obligations, and plans for 2022 aimed at the strategic development of contractor relations.

The company's efforts of integrating tools and practices aimed at the development of an occupational injury prevention system led to a reduction in LTIFR among contractors by 47% in 2021 vs. 2020.

Assessing the maturity of the OHS system

The company has implemented a unified approach to the internal evaluation of the OHS system. Each year, OHS team employees complete maturity assessment reports. This report is a tool that is used to assess the extent to which the OHS approaches

that are in place at Group companies comply with corporate regulations. Based on these reports, a quantitative assessment is made of the companies' compliance with current regulations. In case of any inconsistencies, remedial measures are developed and changes

are made to the approach to OHS management. To improve the quality of assessment, the Group is working to establish an internal institution of OHS auditors.

2021 performance

In 2021, the company continued to implement its anti-concealment programme for incident registration at all levels that was introduced in late 2019. NLMK Group strives to determine the systemic causes, develop corrective measures, and prevent incidents from happening again.

The company also proceeded with the maintenance programme aimed at reducing fatal and high risks. The programme is based on the Vision Zero concept: all incidents are preventable.

Work-related incidents

Upgrades of the NLMK safety system, including improvements in response methods to emergencies and production incidents, enable the company to minimize the consequences of incidents.

In 2021, employees and contractors at NLMK Group sites suffered 144 lost time injuries. The decrease in injuries among employees by 8% and among contractors by 38%, with the overall number going down by 17%, confirms

the effectiveness of the company's tools of safety culture development. Applying risk assessment and behavioural safety tools enables the development of a safety culture, employee upskilling, and a gradual decrease in injury rates. The number of cases involving contractors is decreasing due to a set of measures to address top risks at investment projects.

GRI 403-9

Indicator	2017	2018	2019	2020	2021
Total number of occupational incidents	121	89	105	167	144
Employees	90	65	72	133	123
Contractors	31	24	33	34	21
Number of occupational fatalities	11	3	6	3	6
Employees	5	3	2	1	5
Contractors	6	0	4	2	1
Number of lost time injuries	110	86	99	164	138
Employees	85	62	70	132	118
Contractors	25	24	29	32	20
Total man-hours worked for employees	92,677,015	93,637,091	95,179,559	93,300,837	97,493,913
Total man-hours worked for contractors	15,108,161	22,612,132	26,995,931	39,798,091	44,452,504

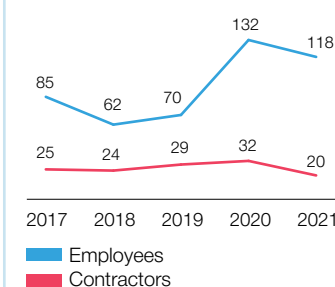
Note: The increase in the number of man-hours in 2021 is due to the addition of time that NLMK employees spend on the way from the checkpoint to the immediate place of work and back, as well as on the transportation of NLMK Group employees to the territory of the Group's companies by corporate transport.

The company deeply regrets the six fatalities that occurred to employees a contractor at its sites in Lipetsk, Zarinsk, and Pennsylvania. The incidents were investigated, root causes were identified, and the relevant risks were re-evaluated. In order to avoid a recurrence of such cases in the future, the company is focusing on the top.

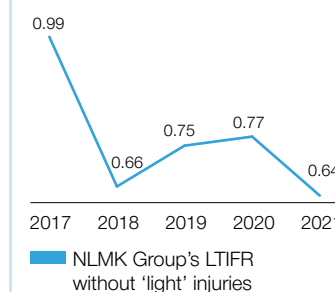
The system for recording work-related injuries at NLMK Group is based on industry-wide methods adopted by the World Steel Association (WSA). The Group regularly provides WSA with relevant statistics in order to access comparative information for the industry.

The main injury rate indicator used in the Group is Lost Time Injury Frequency Rate (LTIFR). After the concealment prevention programme was launched in late 2019, the company's LTIFR increased, but in 2021 it went down by 19%, confirming the efficiency of the company's OHS efforts.

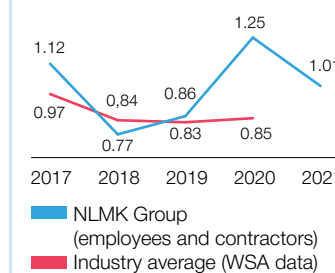
Number of work-related incidents resulting in injury to NLMK Group employees and contractors in 2017-2021 (without fatalities) GRI 403-9



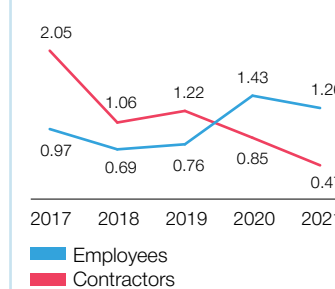
NLMK Group's LTIFR without 'light' injuries in 2017-2021 GRI 403-9



NLMK Group's LTIFR vs. the industry average in 2017-2021 GRI 403-9



LTIFR for NLMK Group employees and contractors in 2017-2021 GRI 403-9



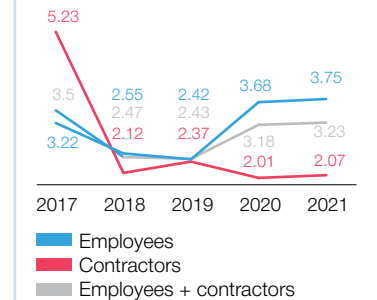
LTIFR is calculated on a monthly basis for each subsidiary taking into account data for both NLMK employees and contractors. During the reporting period, LTIFR stood at 1.01. Changes in this indicator are due to the introduction of an anti-concealment programme towards registering incidents of all levels. In 2020, this policy allowed the company to identify the main production risks and develop corrective actions to prevent them in the future.

Programmes to decrease injury rates enabled a reduction in the number of incidents in the following categories: falls/trips by 13%, falls from height by 19%, exposure to moving parts of equipment by 40%. However, falls and trips are still the hazardous factor that leads to the most injuries.

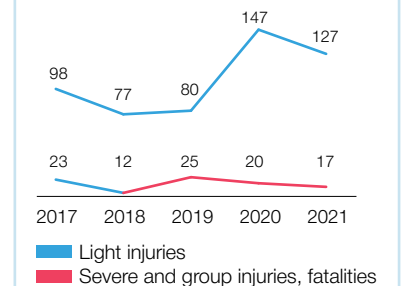
In 2021, there was an increase in materialized risks related to manual operations and exposure to extreme temperatures. Due to that, a programme was launched for the prevention of injuries when using manual tools at NLMK Group. For early 2022, the development of a programme for reducing extreme temperature risks is planned.

The Group keeps records of all work-related injuries and measures the Total Recordable Injury Frequency Rate (TRIFR)¹, which is calculated every month for each subsidiary and includes data on contractors. In 2021, total TRIFR increased vs. last year to 3.23 due to optimization of registering non-disabling injuries among employees and contractors. Such cases were almost never registered before, because employees did not understand the principle of their identification.

TRIFR (RI)¹ for NLMK Group employees and contractors in 2017-2021 GRI 403-9



Injury severity in 2017-2021



The number of light injuries decreased

by **18%**,

and the number of severe, fatal, and group injuries went down

by **15%**

year-on-year

¹ TRIFR includes fatalities, lost-time injuries, and injuries requiring treatment. It is calculated on the basis of the method adopted by the Group for determining recordable injuries (RIs).

PLANS FOR 2022 AND THE MEDIUM TERM

OHS tools and injury reduction programmes

- Injury reduction programme for manual tool use
- Project for dividing pedestrian paths and transport routes in shops
- Continue implementing programmes to manage top injury risks and roll them out to other Group sites
- Cascade best practices developed at NLMK's investment facilities to repairs and process operations

Training

- Update matrices of obligatory permits considering new legislative requirements, automate the processes of assignment and tracking due dates for training through IT systems (SAP SF)
- Form a unified approach to practical training in top risks at all Group sites (work at height and in confined spaces): requirements to training grounds, practical trainers, etc
- Assess the efficiency and implement measures to increase the quality of current OHS tools, focus on top risks, analyse results as part of projects
- Introduce the dynamic risk assessment tool in NLMK's Russian perimeter (briefing before start of works, assessment by the 5 Steps methodology, suspending unsafe works). Train at least 80% of production employees
- Adapt the SafeStart learning solution to foster a responsible attitude to personal safety and safety of others

- not just at work, but also at home. Scale the solution up to all Russian companies of NLMK Group
- Digitalize briefings based on Linkis, introduce pre-shift testing and an adaptation course after long absences
 - Develop in-house trainers, implement a programme for developing a captive function with a focus on managerial competency development based on assessment results, boost competencies of narrowly focused specialists, develop the mentoring system
 - Integrate HAZID/HAZOP tools in project activities

Programme of PPE distribution to employees

- Launch a breath protection programme
- Launch a welder protection programme
- Develop the PPE Outsourcing project (including contact-free distribution)
- Review the protective properties of clothing
- Launch a remote course on PPE

Fire safety

- Develop a programme and implement measures based on the results of external fire risk assessment
- Implement a programme to reduce the number of fires and ignitions due to electrical reasons

Industrial safety

- Elaborate a strategy of developing the fire safety management system for 2022–2023, with the purpose of reducing the number of fire safety incidents
- Increase the efficiency of the production control system at NLMK Group companies to ensure safety at hazardous production facilities
- Audit the industrial safety management system
- Digitalize elements of the industrial safety management system in IT systems
- Introduce new practices of assessing the technical condition of equipment and examining B&S at hazardous production facilities
- Continue implementing the Crane Safety, Buildings and Structures, and Gas Safety programmes

Contractor management system

In 2022, operations will focus on efficiency of contractor management processes, targeted OHS development of key contractor partners, and preparation for major construction projects in the next investment cycle. One important step in the development of the management system will be business process digitalization. The prototype of the Contractor Management module has already been developed, which will be piloted at Group companies in 2022.

Industrial healthcare

- Implement the Emergency Response set of actions. The company will continue providing industrial onsite clinics with modern diagnostic and resuscitation medical equipment, testing plans of emergency medical response via training sessions in the workplace with participation of emergency response teams, promoting the programme of defibrillator accessibility, introducing interactive maps and dynamic monitoring of automated external defibrillators

Traffic safety for road and rail transport

- Develop mass three-level training for first aid employees (baseline, advanced, in-depth), re-launch training in simulation centres to develop practical first aid skills, develop the in-house trainer system (corporate first aid instructors)
- Create a unified network of electronic medical check-ups, introduce new digital products within the system (transferring content, in-shop general practitioner, Face ID, etc.), integrate the system with EWP, work with cardiovascular disease risk groups
- Develop the in-house trainer system for defensive driving based on the methods of international driver schools: RoSPA (UK, Royal Society for the Prevention of Accidents), Royal Society for Prevention of Accidents, Institute of Advanced Motorists (UK), Smith System, National Safety Council (USA), CEPA, and best practices in Russia
- Introduce new technologies and digital solutions in railway transport, update and fine-tune security and control systems (video analytics, impact sensors, driver identification, video infrastructure monitoring, signalling, centralization and blocking devices, track sections, systems of audio and video control for inspectors and locomotive driver instructors, etc.)
- Develop systems of training and testing locomotive drivers and railway workers in line with best Russian and international practices
- Continue introducing international practices for the development of personnel driving automotive, industrial (in-shop), and mining transport and special equipment: Defensive Driving and Manoeuvring of Special Equipment. The programmes were developed considering the bridge analysis of transport incidents, properties of the equipment used, and types of process operations

Developing local communities



Important issues

Indirect economic impacts
Local communities

Key events in 2021

NLMK Group won the All-Russian competition "Leaders of Russian Business", hosted by the Russian Union of Industrialists and Entrepreneurs, for projects to combat the COVID-19 pandemic

Global Sustainable Development Goals



Priority areas of support for local communities

As a major company engaged in mining, production of steel and steel products, NLMK has a significant impact on the environment and the lives of local communities. The territories where the Group's mining and production facilities operate include cities and regions in Russia, Denmark, Belgium, Italy, France and the USA. [GRI 203-2](#)

The departments responsible for corporate citizenship aim to ensure that the common interests of NLMK Group, its employees, local communities, state authorities and local governments on issues related to the sustainable development of the company and the regions of presence are met, guided by wellbeing of employees and the local population.

In an effort to improve the approaches taken to implement social programmes in 2019, NLMK Group developed and approved its Sustainable Development Policy. According to the standards set forth in this

document, one of NLMK Group's key goals in sustainable development is to contribute to the social development of the regions in which the company operates.

NLMK's corporate citizenship and philanthropy activities to support and develop the regions in which it operates are pursued chiefly in collaboration with the company's social partner, the [Miloserdniye](#) (Mercy) Charitable Fund for Social Assistance. The Fund supports the development of sport and healthcare, the preservation of cultural heritage, and provides assistance to pensioners, veterans, and other vulnerable social groups. The Miloserdniye Fund is a longstanding trusted partner of NLMK in the Lipetsk and Belgorod Regions and in Altai Territory.

Over 30,000 people benefit from the Miloserdniye Fund each year. Miloserdniye implements charity projects in the following ten key areas.

Key figures for 2021

RUB 6.6 bn

NLMK's total social investment

0.9 bn

investment in external social programmes

74 projects

projects supported through the Steel Tree grant competition

- Care: supporting veterans' organizations and former NLMK employees in their retirement, providing assistance in obtaining medicines and reimbursing treatment costs, and organizing cultural events
- Health: providing assistance by paying for expensive operations, targeted funding for medical organizations, and health resort packages for children with disabilities and wheelchair users
- Sport: support for sports federations, funding for children's and young people's sports schools, and purchasing equipment
- Children: supporting children's homes and residential schools and conducting charity campaigns for children (includes the Angel Children and Time for Kindness programmes)
- Science and culture: supporting gifted children (winners of science Olympiads and music and art competitions), creative groups, libraries, museums, and art galleries

- Environment: purchasing specialized equipment, feed, and medicines for use in nature reserves and parks, forests, and veterinary practices
- Cultural development: funding charity concerts, drama festivals, and holiday events for residents of Lipetsk and the Lipetsk Region
- One-off assistance: providing one-off assistance to public organizations, municipal institutions, and citizens affected by terrorist attacks or natural or man-made disasters
- Steel Tree grant competition: support for social initiatives of residents of the regions where the company operates
- There for you: support for the volunteer movement

The Miloserdniye Fund has received a number of awards: in particular it received a certificate of honour of the Lipetsk Chamber of Commerce and Industry; it is also a two-time recipient of the Golden Badge for Services to the City of Lipetsk. The fund received the highest awards at the national competition of voluntary public annual reports "Reference Point". The Steel Tree grant programme, which

STEEL TREE HELPED OPEN A COMPUTER CLASS IN STARY OSKOL FOR TEACHING BLIND AND VISUALLY IMPAIRED PEOPLE

The Tiflo NET classroom opened at the Rehabilitation Centre for the Visually Impaired of the Stary Oskol Society of the Blind. The Steel Tree grant of RUB 300,000 was used to purchase monitors, processors, hard drives and other components, as well as the JAWS (Job Access with Speech) software and sets of stickers for labeling the keyboard in Braille.

MARATHON OF GOOD DEEDS

In September 2021, the Good Deeds Marathon was held at some of the company's sites, timed with the International Day of Charity.

In Lipetsk, the sports and environmental marathon was held with the support of the Miloserdniye Charitable Fund. The family holiday included eco-competitions for the collection of plastic and waste paper, an eco-game for children, a children's break-dance championship, and master classes from fitness instructors.

NEW FORMAT OF ENVIRONMENTAL CLEAN-UP

Close to 200 people in six districts of Lipetsk walked the distance, picking litter along the way. Ecosteel plogging is a race coupled with litter picking activities. In 90 minutes, the teams picked more than a tonne of litter, with plastic accounting for a third of it. Ecoprom, partner of the project, disposed of it. The Miloserdniye Charitable Fund and the Clean Country Association helped organize the campaign.

is being implemented with the support of the Fund, won the Best Social Projects in Russia national contest.

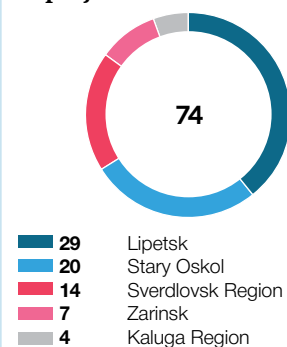
In 2021, the Miloserdniye Charitable Fund was ranked 7th among the top private and corporate charitable funds in Russia. The rating was compiled by the RAEX agency together with the Association of Rating Compilers (ARC). Year-on-year, the Fund's rating improved

by 11 notches. In 2021, the Fund's structure was improved: the Ural branch was opened in Yekaterinburg, and the Stary Oskol branch is scheduled to open in early 2022.

NLMK is committed to enhancing the tools it uses to collaborate and engage with communities and its employees in order to develop a culture of everyday charity.



Geography of the Steel Tree grant competition, number of projects



STEEL TREE GRANT COMPETITION

The Steel Tree grant competition has been held since 2017. Every year the number of applications and awarded grants is rising. In 2021, grants were awarded to projects in the following categories: ecology and urban improvements, family values, science and culture, sports and health, supporting young adults, mercy and care, and longevity. A jury board was set up to select the best initiatives, with members to represent NLMK, the Miloserdiye Fund, regional and local authorities. The number of applications in 2021 set a new record at close to 300. A total of 74 grants were awarded to projects, of which NLMK contributed RUB 27 million. In 2021, 29 projects were completed in the Lipetsk Region, with investment totaling close to RUB 8 million.

2021 performance

GRI 203-1

Each year, NLMK allocates significant resources to corporate citizenship programmes in a variety of areas. In 2021, NLMK Group allocated RUB 0.9 billion to external social programmes. In light of the COVID-19 pandemic, significant funds went to support healthcare institutions and most vulnerable groups.

Investments in corporate citizenship programmes in 2021, %

GRI 203-1



Support for healthcare

Projects in this area aim to promote development of healthcare institutions, including through procurement of medical equipment and targeted aid to people with severe illnesses (reimbursement of costly surgery, medicines, and rehabilitation).

A total of RUB 144.5 million was allocated to support healthcare in 2021, which amounted to 16% of the company's total investment in corporate citizenship programmes. The Fund regularly provided expensive medicines and high-tech medical equipment, including ventilators, oxygen concentrators, X-ray machines, nebulizers, inhalers and means of transporting patients to medical institutions in five regions of Russia.

THE MILOSERDIYE CHARITABLE FUND HELPED TO RENOVATE FIRST AID/OBSTETRIC STATIONS IN REMOTE AREAS OF THE LIPETSK REGION

The Fund helped to install more than 50 new plastic windows in seven first-aid stations of the Volovsky district. Similar work is planned to be carried out in the Terbunsky district. After the first plastic windows were installed in first aid/obstetric stations in the villages of Knyazhnaya and Samarino, the medical staff appreciated the comfort of the renovated premises and sincerely thanked the Miloserdiye Fund for their care and support.

NLMK GROUP WON THE LEADERS OF RUSSIAN BUSINESS NATIONAL COMPETITION HELD BY THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS WITH PROJECTS TO COMBAT THE COVID-19 PANDEMIC

The company topped the Best Practice for Ensuring the Safety of Employees and Contractors amid the COVID-19 pandemic category.



NLMK also operates various volunteering and charity programmes and conducts research on the needs of local communities in areas where it operates.

It determines such needs through surveys and public hearings as well as various internal corporate communication channels.

Tools used to engage and determine the needs of local communities GRI 413-1

Measure	Description
Assessment of existing social programmes	NLMK regularly analyses ongoing social programmes in order to determine their impact and audience reach and to obtain feedback from the intended beneficiaries including through the communication channel of the Miloserdiye Fund
Direct engagement via internal communication channels	Given that many of NLMK Group's companies are the main employers in their respective areas and that a significant proportion of the regional population work for them, the social needs of local people can be determined with the help of internal communication channels, including telephone hotlines, text messages, and the intranet portal. The portal can be used to leave messages, which a specialist then responds to; these messages can be read and commented on by all portal users. For more details on the internal communication channels used, see the Stakeholder Dialogue section
Working with local authorities	The company works with regional and local authorities that are fully aware of the current needs and requirements of local communities in the regions where the company operates. Using this information, NLMK collaborates with representatives from these authorities to develop social initiatives that meet the needs of local communities. For more details on the internal communication channels used, see the Stakeholder Dialogue section
Public hearings	Public hearings are held to review the environmental impacts of NLMK investment projects that are subject to State Environmental Expert Review. The hearings help identify the expectations of the locals and integrate them into project development and operations. In 2021, three NLMK projects were heard publicly and approved by Lipetsk residents

Strategic documents on corporate citizenship and philanthropy

In 2021, the development of the Corporate Citizenship and Philanthropy Strategy continued. These high-level documents will become an integral part of the Group's strategic documents. Drafting was done in line with best Russian and international practices. It was based also

on the outcomes of evaluating the potential of the Group key home regions that was conducted in 2020.

Local community impact assessment

Within the reporting period, NLMK Group ran programmes on engaging and developing local communities in all regions of operation. This included a local

community impact assessment. Requests from the population and proposals on charitable programmes of the Miloserdiye Fund are analyzed through regular monitoring of various communication channels. Every month, the company receives up to 20 such requests and promptly responds to them.

Support for socially vulnerable groups

Social support by the Group is delivered in the form of targeted aid to people in need, support to initiatives with positive social impacts, facilitation for Group employees and proactive local residents to participate in social causes, including through the grant competition.

In light of the pandemic the Group provided targeted aid to the most vulnerable groups. It allocated funds to provide food parcels to groups that are in need of support today in the cities where the Group operates, namely for single elderly persons. Around 2,500 food parcels was delivered to vulnerable groups.

A total of RUB 72.5 million was allocated to support socially vulnerable groups in regions where NLMK Group operates in 2021, which amounted to 8% of the company's total investment in corporate citizenship programmes.

Support for veterans and retired employees

NLMK places considerable emphasis on supporting veterans and retired employees. This includes organizing regular trips and other cultural events, regular exhibitions of creative works by veterans as well as sporting tournaments and healthy lifestyle activities. One important aspect of our work with veterans is computer training, which helps elderly people use computers, mobile apps, and the Internet to find useful information, access electronic services, and communicate with family and friends online.

In order to bolster ties between generations, NLMK works with local veterans' organizations and trade unions

THE MILOSERDIYE CHARITABLE FUND ALLOCATED OVER RUB 1.2 MILLION TO IMPROVE THE FACILITIES OF RAINBOW NURSERY SCHOOL IN THE VILLAGE OF KHVLEVNOYE, LIPETSK REGION

In the framework of its Childhood programme, the Fund helped procure new kitchen and refrigeration equipment, devices for indoor air disinfection, vacuum cleaners and garden trimmers, dishes and furniture, sports equipment and toys, educational games and creative kits for the all-round development of pupils.

to host meetings with veterans, organize visits to war memorial sites, and give lessons on courage in schools and basic educational institutions.

Due to the spread of COVID-19 in 2021, the scale of support for this group was significantly increased. A campaign to support lonely elderly people was held in the Lipetsk Region. They were given food parcels. More than 8 tonnes of products were sent to settlements in 10 districts of the region.

A total of RUB 96.3 million was allocated to support veterans and retired employees in 2021, which amounted to 10% of the company's total investment in corporate citizenship programmes.

Grassroots and children's sports

The development of grassroots and children's sport is one of the priorities within the company's social activities. NLMK creates conditions for engaging in sports not only for the company's employees and their family members, but also for local communities, regularly allocating resources for the maintenance of sports facilities and to provide assistance to children's and young people's sporting academies and groups as well as sports clubs and promising athletes. For example, NLMK covers all

HELPING VETERANS

Within the framework of the Steel Tree grant competition the Miloserdiye Charitable Fund supported the From Heart to Heart project in Lipetsk.

With the allocated funds, students of the Faculty of Economics of the Lipetsk State Technical University bought detergents and souvenirs, learned the addresses of single elderly veterans, and placed colorful information banners about the campaign at bus stops. Volunteers helped more than 50 single elderly persons with their everyday chores.

costs for the Lipetsk Metallurg sports club in Lipetsk and for Olympic Reserve School No. 13 for Children and Young People, which was set up on the core of the club. The school trains world-class athletes in skeet shooting: around half of the current Russian skeet shooting team are graduates of this school.

In 2021, the company allocated RUB 371.4 million to support grassroots and children's sports in the regions where it operates, or 40% of total investment in the company's corporate citizenship programmes.

MILOSERDIYE CHARITABLE FUND HELPS TRAIN FUTURE SHOOTING SPORTS STARS

Thanks to the support of the Miloserdiye Charitable Fund, more than 320 young residents of Lipetsk have the opportunity to study free of charge at the Olympic Reserve School No. 13. A total of 14 coaches hold regular training sessions. The future stars of Russian sports have at their disposal a bullet range and a modern shooting range of the Lipetsk Metallurg sports club.

Today, 16 students of the Lipetsk sports school are members of the Russian national team in trap and bullet shooting. The school was twice awarded with grants from the Shooting Union of Russia and four times by the Olympians Support Fund for the best results at the end of the year. Lipetsk athletes have won more than 1,000 medals at international and national competitions, set three world records and 26 Russian records.

Support for education

The main focuses of scientific and educational development pursued in NLMK Group's social policy consist of multifaceted support for certain educational institutions in the regions where the company operates, and support for high-quality technical education for young people. The company provides targeted funding

for scientific and educational activities at educational institutions, and also arranges and sponsors conferences dedicated to scientific research as well as scientific and technical competitions for students. In order to introduce the next generation of employees to the company, NLMK organizes open days and trips to production facilities for schoolchildren as well as industrial internships

VIZ-STEEL SUPPORTED A LABORATORY AT THE URAL POLYTECHNIC COLLEGE

VIZ-Steel helped launch a metal testing laboratory at the Ural Polytechnic College. The laboratory will train students in metal forming. The training programme was created jointly with VIZ-Steel specialists, taking into account the needs of modern steelmaking production.

VIZ-Steel actively cooperates with other regional educational institutions that train future steelmakers. The enterprise provides an opportunity for students of various technical colleges and universities to have an internship.

at the company's enterprises for students from certain educational institutions. NLMK also finances a range of grants.



The company also allocates significant resources to improving facilities at nursery schools, schools, secondary schools, vocational institutions, children's centres for the creative arts, children's homes, and residential schools.

In 2021, a total of RUB 156.9 million was allocated to support science and education in regions where the company operates; this amount represented 17% of the company's total investment in corporate citizenship programmes.

Developing social infrastructure of regions where NLMK Group operates GRI 203-1

The main priorities of NLMK Group's corporate citizenship programmes include determining and facilitating solutions to issues that currently

STARY OSKOL HALLMARK

Stary Oskol presented the First Ore mini public garden, dedicated to the extraction of the first ore in the Stoilensky mine, at Belgorod in Bloom, an international landscape design festival. Stoilensky funded the park renovation in 2021 to commemorate its 60th anniversary.

Stoilensky allocated RUB 2.5 million to the renovatopn. The project became the hallmark of Stary Oskol and won in the Come visit us nomination.

MILOSERDIYE GREEN CAMPAIGNS IMPROVED YARDS AND PARKS

Miloserdnye Charitable Fund helped to improve urban public spaces. In the spring of 2021, green campaigns organized by Miloserdnye took place on five Lipetsk streets. More than 1,100 maples and lindens were planted in yards. When selecting areas for greening, priority was given to new buildings, where there are still few green spaces. Residents themselves proposed the areas for landscaping and took an active part in planting seedlings together with the fund's volunteers, activists, and schoolchildren.

affect the regions where the company operates as well as social infrastructure development.

In 2021, a total of RUB 49.6 million was allocated to develop the social infrastructure of the regions where NLMK Group operates, or 5% of the company's total investment in corporate citizenship programmes.

Support for culture and arts

As part of efforts to support culture and arts, NLMK Group provides assistance to organizations that promote cultural history and education in the regions where the company operates and makes financial contributions to the preservation and proper maintenance of cultural and architectural monuments and other sites with cultural and historic value.

The Group also supports the activities of corporate museums, including NLMK's Novolipetsk Museum in Lipetsk, the Demidov Centre in the Sverdlovsk Region town of Revda, and museum sites at Stoilensky Mining and Beneficiation Plant and Altai-Koks.

URBAN ART

In 2021, thanks to the support of the Miloserdnye Fund, new art objects appeared in the settlements of the Lipetsk Region. The walls of residential buildings and technical buildings in Lipetsk, Usman, Zadonsk, Volovo, Dobrinka and Dolgorukov were decorated with graffiti by a professional artist. The opening of more than 10 art objects was a continuation of the fund's educational project to preserve the memory of the people whose names the streets bear. Previously, similar artworks of prominent figures from various eras adorned the squares of Lipetsk.

MUSIC TALENT FESTIVAL

A family music festival was held in Stary Oskol with the support of the Steel Tree grant competition.

More than 300 children study at the Stary Oskol Children's Music School No. 3. In 2021, a project was launched to organize the Young Shoots of the Musical Tree music festival, which won a Steel Tree grant. The heroes of the festival are students of music and art schools and their parents.

A total of RUB 41.6 million was allocated to support culture and the arts in 2021, which amounted to 4% of the company's total investment in corporate citizenship programmes.

Plans for 2022 and the medium term

In 2022, the company plans to finalize and adopt its corporate citizenship and philanthropy strategic documents.

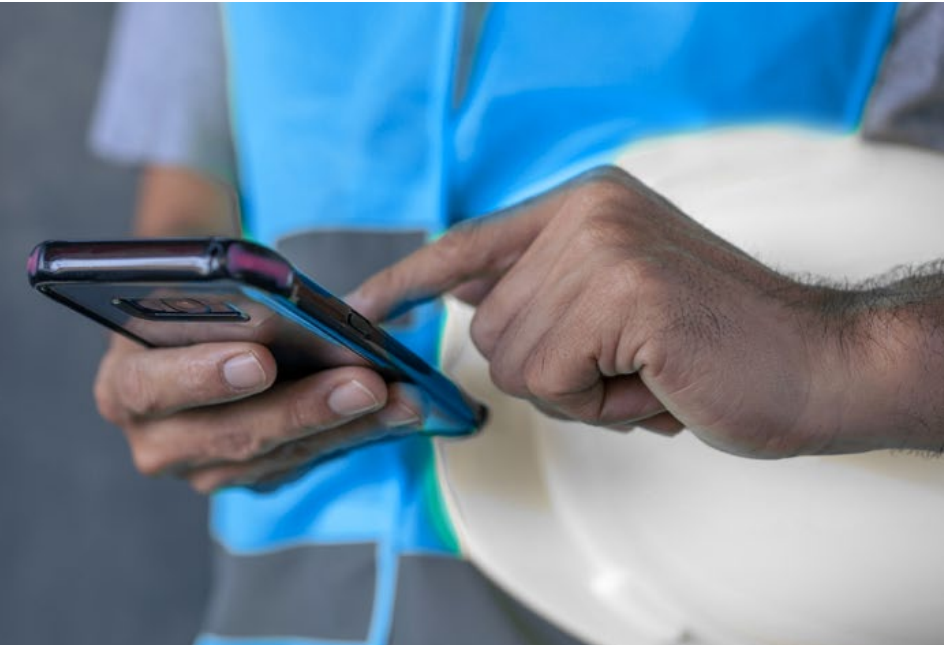
It also plans to continue developing the Steel Tree grant competition, expand the number of its participants,

update the design of the programme taking into account feedback from stakeholders, as well as digitalize competition procedures.



DIGITAL SOLUTIONS FOR EMPLOYEES

NLMK Group has launched a unique mobile app that increases the efficiency of internal corporate communications and makes corporate services more user-friendly. The app was launched in March 2020. Currently, close to 30,000 employees (or 60% of the NLMK Group headcount) use the app.

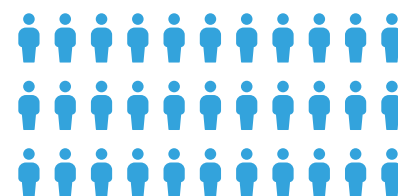


Golden Prize of the International Step Two Award Intranet and Digital Workplace Awards 2021

The mobile app is integrated with the corporate intranet and gives employees access to all necessary services, such as NLMK Group's news feed, vacation management, bank of ideas, personal protective equipment requests, instant registration of safety rules violations, and others.

The application is customer-centric and enables prompt and convenient access to the company's automated services.

The app offers such innovative solutions as mobile access card and video registration of safety violations.



30,000
employees

use the app

