



SUSTAINABILITY
REPORT
2022

Social aspect



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STAKEHOLDER DIALOGUE

Our approach to stakeholder engagement

[GRI 2-29] NLMK Group’s sustainable development is built on a foundation of transparent, trust-based stakeholder engagement over the long term.

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, as well as expert assessments from the Company management. The stakeholder map is regularly reviewed and updated as necessary. In 2022, while preparing the Report the work

group revised the stakeholder map. The revision confirmed that in 2022 the stakeholder map did not undergo any significant changes.

NLMK uses various means to engage with stakeholders, thereby enabling the Company to identify risks and opportunities in joint efforts in a timely manner, and assess the Company’s impact on them. A strategy and plan of interaction has been developed for each of the stakeholder groups. In 2022, the Company continued to maintain an active dialogue with all of its stakeholders.

NLMK stakeholder map in 2022



SUPPLY CHAIN MANAGEMENT¹

KEY FIGURES FOR 2022	MATERIAL TOPICS
<p>103</p> <p>suppliers of goods and services were audited</p>	<ul style="list-style-type: none"> • Supplier environmental assessment • Supplier social assessment
	<p>KEY EVENTS IN 2022</p> <ul style="list-style-type: none"> • Revision of the qualification system and tender procedures • Launching of suppliers qualification pilot based on ESG requirements • Risk analysis was carried out, ways to mitigate supply chain risks were identified • Suppliers panel quality analysis was carried out, areas for development were identified
<ul style="list-style-type: none"> • NLMK Group was recognized as the <i>Company of the Year in Procurement</i> at the main professional competition among Russian procurement experts • NLMK Group is in the TOP-5 of Expert RA's procurement management quality rating 	

The Group's efficient supply chain is crucial for its sustainable operation and the fulfilment of NLMK's commitments. The Company regularly partners with more than 2,500 contractors and suppliers from which it procures a wide range of services and goods. The Company's procurement behaviour is result-oriented and adheres to the principles of transparency, continuous improvement and mutually beneficial cooperation. The Company is aware of its impact on sustainability in the supply chain as a major player in the market.

Approach to supply chain management

[GRI 2-6] The procurement process in the Company is 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 fundamental document regulating the Company's interaction with suppliers and contractors is its [Partner's Code of Business Conduct](#). 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 Code at the qualification stage and to confirm that they agree with its provisions.

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 some of the goods categories take into account potential risks and include plans to prevent any risks from arising.

The rolling quarterly supplier evaluation system implemented in 2022 enables monitoring of the counterparty performance indicators in terms of procurement accuracy and identify areas for development. All counterparties are rated.

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 Supplier Management System.

Sustainability in the supply chain

[GRI 2-24] As a large consumer of a number of goods and services, NLMK can positively impact social, environmental, and production risks within the supply chain. 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.

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

SOCIAL ASPECT

SELECTION AND QUALIFICATION OF SUPPLIERS AND CONTRACTORS

The Group carefully selects and screens counterparties, and expects a great deal from its counterparties in terms of 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.

OHS qualification [GRI 414-1]

The Company conducts mandatory OHS qualifications for contractors to confirm that such counterparties and their subcontractors are able to comply with legal and corporate requirements. Qualification is mandatory for all potential contractors planning to render any services on the territory of the Group's sites regardless of the cost of such services. More than 200 suppliers were unable to prove that their OHS system and practices are sufficient and operational and were disqualified before the tender proceedings.

In 2022, the Company developed a video briefing and a slide deck to explain the basic requirements for the OHS qualification process and supporting documents, which streamlined the qualification procedure and enabled more contractors to receive a positive opinion.

Environmental qualification

The Company expects its counterparties to strictly comply with the applicable environmental regulations. In 2018–2022, 100% of new suppliers were screened in line with environmental criteria. [GRI 308-1]

A specially developed checklist reflects the statutory environmental protection requirements that are mandatory for all contractors. Moreover, the Company requests a declaration of compliance with corporate environmental and energy efficiency requirements. Of all suppliers, 10% have so far confirmed that they have a certified environmental management system in place that complies with the ISO 14001 international standard.

Human rights

A mandatory clause on compliance with human rights was included in the standard agreements with the Group's counterparties in order to mitigate the risks of human rights violations. Thus, NLMK's vendors and contractors confirm that at the time of contract execution they respect human rights envisaged by the Russian law and international legal instruments.

EVALUATING AND AUDITING SUPPLIERS AND CONTRACTORS

NLMK evaluates the quality, efficiency and reliability of all its counterparties annually. In addition, a pilot project was launched in 2022 aimed at voluntary evaluation of vendors for compliance with environmental criteria. Going forward, it is planned to add social and governance criteria to the evaluation. As of the end of 2022, 68 out of 136 companies that filled out the voluntary questionnaire have successfully passed the environmental criteria evaluation.

Systematic audits aimed at, among other things, identifying sustainable development risks is another important tool for interacting with counterparties. As part of such audits, the Group focuses on the counterparty's compliance with obligatory standards in the areas of occupational safety and reducing its environmental footprint. Audits of contractors involve checking that the necessary documents are present and authentic, and include direct monitoring of the work of contractor employees.

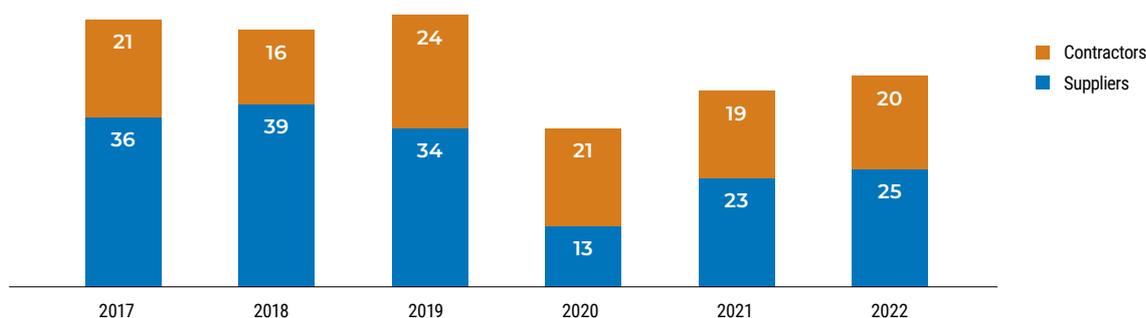
A total of 83 suppliers were audited in 2022, 25 of which had their environmental impact evaluated. On top of that, 20 contractors had a comprehensive audit.

After the audit, the Company together with the counterparties develop corrective action plans. Thus, in 2022, corrective measures were initiated at 10 suppliers and 15 contractors in order to ensure compliance with environmental requirements. The identified non-compliances are mainly associated with the failure of the counterparties to provide supporting documentation.

Number of counterparty audits

Subject of audit	2018	2019	2020	2021	2022
Suppliers	39	34	13	57	83
Contractors	17	24	20	20	20

Number of NLMK Group counterparties whose environmental impact was evaluated during the audit [GRI 308-2]



Suppliers with corrective action plans following audits (% of total audits conducted) [GRI 308-2]

Subject of audit	2018	2019	2020	2021	2022
Goods and materials	80	41	38	48	40
Services	63	50	43	79	75

CONCILIATION COMMITTEE

The Conciliation Committee is NLMK Group’s collegial body that was set up to review situations involving inappropriate, unethical, or unreliable counterparties’ 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.

2022 performance

In 2022, the Company introduced a process to simplify on-line registration of counterparties and improved efficiency of interaction with the suppliers by introducing a digital assistant. Moreover, NLMK continued the robotization of its standard tender procedures.

There were no significant changes in the Group’s supply chain structure during 2022. [GRI 2-6]

In the reporting year, the main production sites² purchased 90% of goods and materials from local³ suppliers. [GRI 204-1]

Plans for 2023 and the medium term

The Company intends to continue automating and improving its procurement processes. In particular, the Company plans to develop sustainable procurement practices, including migration to a new suppliers qualification, bidding and environmental risks audit platform. The Company will be developing marketplaces to support its own demand and develop the market as a separate line of business. In terms of risk reduction, the Company plans to develop captive production of the non-standard items.

Conciliation Committee performance

Indicator	2019	2020	2021	2022
Number of counterparties with which NLMK Group decided to temporarily suspend relations	6	7	6	6
Number of counterparties with which NLMK Group decided to terminate relations	11	13	18	15

2 Hereunder, main production sites are Russian sites of the Group. [GRI 204-1]

3 Local supplier is a supplier registered in the same region as the site. [GRI 204-1]

OUR EMPLOYEES

KEY FIGURES FOR 2022	MATERIAL TOPICS
<p>RUB 586 m of total investment in staff training and development</p> <p>3 million person-hours of training</p> <p>7.7% voluntary staff turnover at NLMK Group</p> <p>34% of women in management and administrative staff</p> <p>25% of women in the total number of employees</p>	<ul style="list-style-type: none"> ● Employees ● Training and development ● Diversity and equal opportunities ● Freedom of association and collective bargaining ● Non-discrimination ● Prohibition of child labour ● Prohibition of forced or compulsory labour
PRIZES AND AWARDS	
<ul style="list-style-type: none"> ● NLMK Group was included into the leading – platinum — group of best employers in Russia according to Forbes Magazine. ● NLMK Group was ranked among Top 20 employers by HeadHunter. ● NLMK Group won the <i>Crystal Pyramid Award 2022</i>. The Company topped the <i>Organization and Corporate Culture Transformation</i> nomination, while NLMK Corporate University came third in the <i>Corporate University of the Year</i> nomination. ● The Corporate University campus got the Best Office Awards 2022 as the best regional project. ● NLMK Group entered the Top 50 rating of IT employers in Russia compiled by Habr.ru, the largest resource for IT experts, in partnership with ECOPSY HR Consulting Company. ● The Company's learning solution called <i>Systems Approach and Data Analysis</i> got the SMART Pyramid — 2022 HR-award in the <i>The Best Corporate Training Programme</i> nomination. ● In 2022, the <i>Academy of Steel Opportunities Programme</i> came second in the <i>Best Student Programme</i> nomination of the All-Russian Graduate Awards. ● NLMK Group's mentoring system was announced the best practice for blue collars and future employees at industrial enterprises in several industry and cross-industry competitions. ● NLMK Technology University took 1st place in the Digital Learning 2022 award in the <i>Online Programmes</i> nomination for its learning solutions for professional competencies development in mining and mineral processing and the <i>Maintenance of Buildings and Installations</i> e-course. ● NLMK won the All-Russian Effective Education 2022 award in the <i>Platform of the Year</i> nomination. ● In 2022, a comprehensive programme to promote corporate volunteering in the Company won the <i>Best Social Projects</i> of Russia award. 	

HR strategy priorities

Our key personnel management goals within the current strategic cycle 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 and attentive to safety, talent, and innovation as possible.

NLMK’s corporate culture is built on the principle of openness and transparency. To this end, NLMK has set up mechanisms that allow employees and their representatives to address the top management directly. 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.

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. [GRI 2-23]

The following internal corporate documents approved by the Company’s top management ensure a unified approach to HR management across all sites of the Group: [NLMK Group’s Corporate Ethics Code](#), [Human Rights Policy](#), [Anti-Corruption Policy](#), and collective bargaining agreements. All corporate documents are available on the Company’s official website in Russian and in English. The Human Rights Policy is available in all languages of the regions of our presence.

Our employees

[GRI 2-7] The headcount of NLMK Group at the end of 2022 was 51,400 people. Most of the Company’s employees in Russia belong to the Mining and Raw Materials Processing, Long Products and Flat Products divisions due to the significant scale of these assets compared to the other segments.

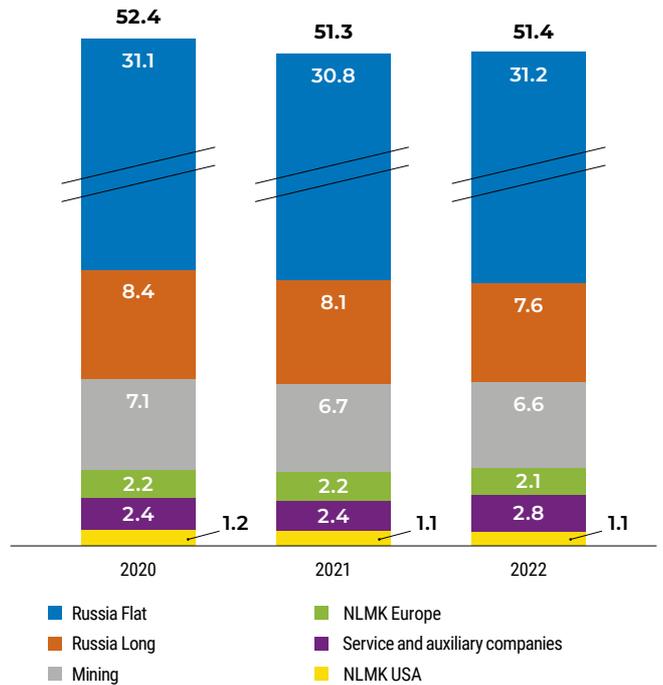
Despite the headcount increase, NLMK Group’s average headcount decreased by 300 people in 2022 vs. 2021 due to production process automation and the implementation of some other projects aimed at increasing labour productivity. [GRI 2-7]

The nature of the steel industry is such that the number of men in NLMK Group outweighs the number of women, this has always been the case historically. Thus, in 2022, the share of men in NLMK Group was 75% while the share of women was 25% (among blue collars, 78% and 22%, respectively). However, among the administrative and managerial staff, the proportion of women is higher compared to production staff. 34% of IT and engineering professionals are women. [GRI 405-1]

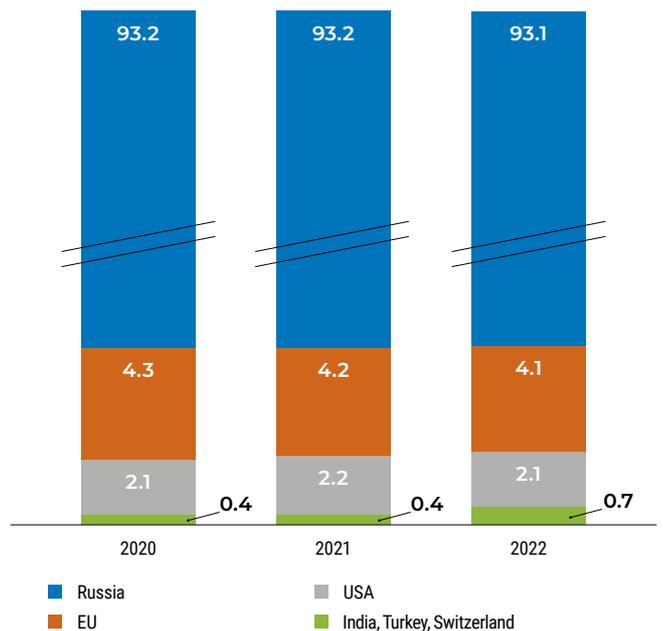
As for administration and management staff, women account for 34% of all employees, including 49% of white-collar, 23% of white-collar managers and 4% of shop-floor managers (the total share of female managers is 17%). Women account for 17% in junior management positions. Among middle managers there are 15% of women, among top management (positions two levels below the CEO) — 19%. [GRI 405-1]

In 2022, the Group’s gender balance remained unchanged. During the reporting year, 2,379 men and 605 women were promoted (6% and 5% respectively).

Headcount breakdown by segment, '000 people [GRI 2-7]

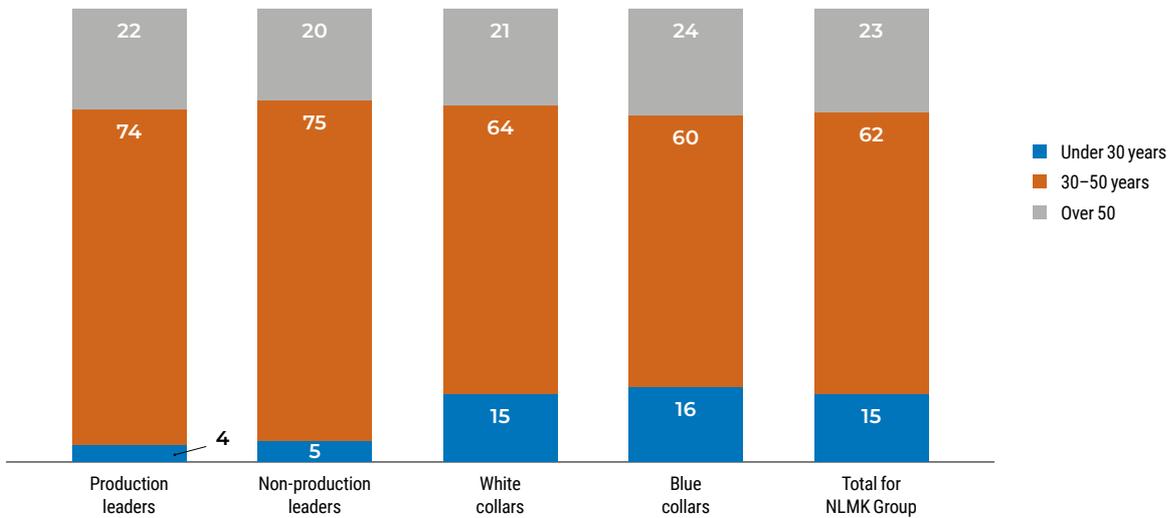


NLMK Group’s headcount breakdown by regions, % [GRI 2-7]



Approximately 49,600 of NLMK Group employees (97%) work under permanent contracts and 1,800 employees (3%) under fixed-term (temporary) contracts. When working under a temporary agreement, an employee is entitled to all the benefits provided to employees under the collective bargaining agreement. The vast majority of employees (almost 100%) are employed full-time. [GRI 2-7]

Headcount by age and category at the end of the year, % [GRI 405-1]



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 it is 13 years.

NLMK employees represent various age groups, which attests to the lack of age discrimination in NLMK Group’s HR policy. In 2022, 23% of the headcount were aged over 50, 62% were aged between 30 and 50, and 15% were under 30. 75% of production and non-production managers are in the age group from 30 to 50 years old, 21% are over 50 years old. [GRI 405-1] NLMK Group concludes employment contracts only with individuals that meet the minimum age requirements stipulated by the legislation. The Company does not make use of child labour and 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]

NLMK Group 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.

TURNOVER

Voluntary staff turnover increased year-on-year to 7.7% as more people retired in 2022.

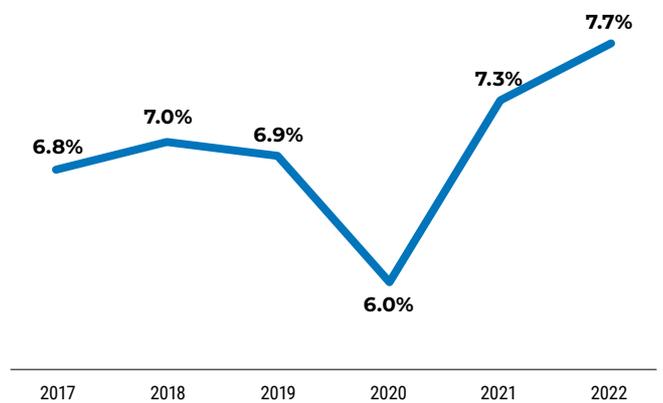
STAFF RECRUITMENT

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

In 2022, Regulations on the recruitment process for NLMK Group managers and specialists were amended to include provisions on equal opportunities for all candidates and non-discrimination in the recruitment process.

The Company confirms that recruitment of external and internal candidates follows uniform criteria and standards established by the Group seeking to ensure equal rights and opportunities regardless of gender, age, nationality and race, religious beliefs, physical features, and any other characteristics of the candidates not related to professional qualifications. [GRI 406-1]

NLMK Group employee voluntary turnover



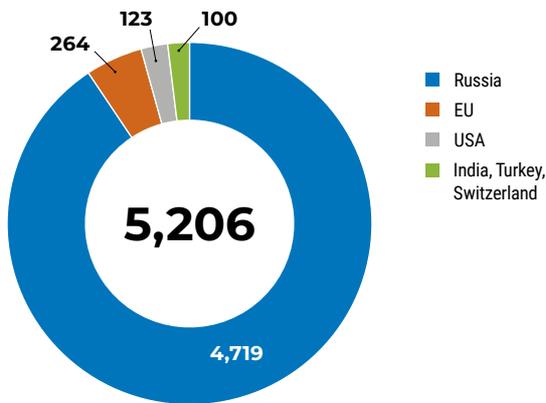
In line with the *equal opportunities for all* principle, the Company implements targeted employment projects for people with disabilities. In total, the Company employs 455 people with disabilities (0.9% of the total number of employees). Due to the specific nature of the steel industry, which involves working in hazardous conditions, recruitment specialists of the Company pay particular care and attention to the employment of people with disabilities as it complies with all legislative requirements. Besides, the Russian legislation⁴ places restrictions on the use of female labour in hazardous conditions and in situations involving the movement of heavy weights.

The high standing of the Group in HH.ru, Forbes, and Habr.ru employer ratings in 2022 attests to the Company being a preferred employer in the regions where it operates.

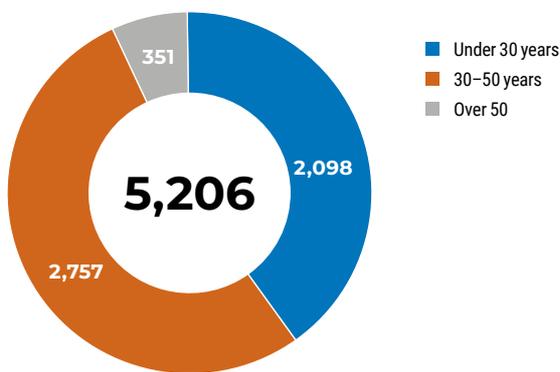
In 2022, NLMK hired 5,200 people (10% of the headcount), 24% of them were women (2% of the headcount). The share of hired employees with disabilities in 2022 was 0.4% (23 people) of the total number of employees hired. 91% of new employees joined the Russian sites of the Group. [GRI 401-1]

⁴ Labour Code of the Russian Federation dd. 30 December 2001 No. 197-FZ (11 October 2018 edition), Art. 253: Labour restrictions for female employees.

NLMK Group new hires by region, people [GRI 401-1]



NLMK Group new hires by age, people [GRI 401-1]



The Company created more than 1,500 jobs in 2022, the majority of which were linked to the launch of investment projects.

Assessment and remuneration

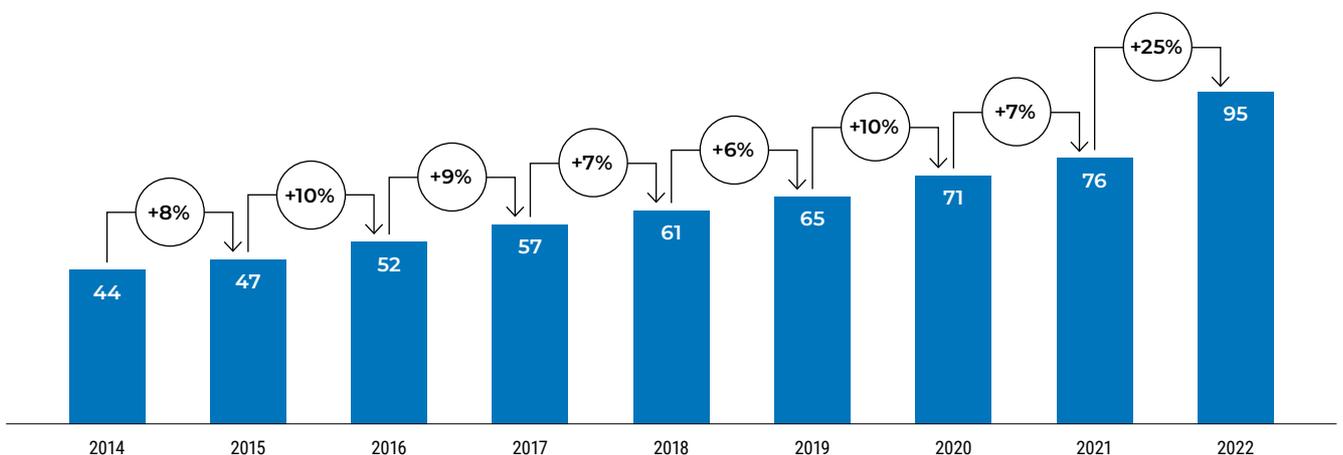
Ensuring the rights of employees to decent working conditions, including competitive salaries and providing both employees and retirees with a social benefits package are key priorities for NLMK Group. The Company annually collects and analyses data on industry peers and in the regions where the Group operates, as well as the purchasing power of remuneration by personnel categories and individual professions to assess competitiveness of the remuneration. The Company is committed to annually increasing the level of employee remuneration. [GRI 2-20]

NLMK Group relies on salary surveys provided by external independent consultants to assess the remuneration offered to the Company's employees, including top management. [GRI 2-20]

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, MBO) by employees is carried out in conjunction with an assessment of the corporate behaviour (Management by Behavioural Indicators, MBI), 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.

[GRI 404-3] Fixed remuneration management in the Group is based on employee performance evaluation. The current approach introduced in 2019 enables the Company to encourage the best of the best further, 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 2022, this system covered 93% of NLMK Group employees, including all managers and specialists [GRI 404-3]. In several divisions, the process of forming individual development plans for employees was launched, with the help of which employees will be able to strengthen those competencies that turned out to be underdeveloped.

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



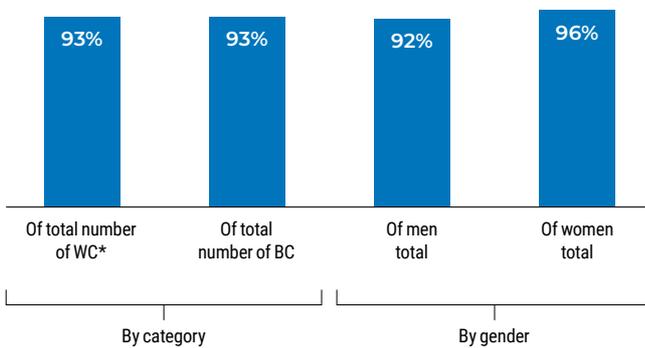
SOCIAL ASPECT

The average salary⁵ of NLMK Group employees at Russian companies in 2022 increased by 25% up to RUB 95,000. The increase was significantly ahead of the inflation rate. 8% of the growth in average wages is accounted for by a one-time payment to support employees in the face of uncertainty in the amount of RUB 4.7 billion. At our international companies, remuneration is determined based on collective bargaining agreements and local labour legislation, and is also indexed annually.

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

In 2022, the performance of nearly 48,000 NLMK Group employees was assessed, which is 93% of the total headcount. [\[GRI 404-3\]](#)

Proportion of NLMK Group employees who received a regular performance and career development review, by category and gender as of 31.12.2022, persons
[\[GRI 404-3\]](#)



* Managers, specialists and white collars

The Company also continues to develop an end-to-end management system that aims to achieve the Group's objectives — MBO. In 2022, the MBO system covered all managers and specialists of the Company. Blue-collar job employees not covered by the MBO system get monthly bonuses based on the performance indicators of their unit or position.

On top of that, the Company is developing incentive systems aimed at the interests of certain personnel groups: incentives associated with project activities, initiatives, etc. All of them are linked with the main remuneration systems, complement each other and expand the opportunities for salary growth for an employee. In 2022, 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.

Training and development

Professionalism and qualifications are the most important factors for sustainable development of employees at NLMK. An effective system of training and development is based on job profiling, regular knowledge tests and the use of advanced training formats (micro courses, distance learning).

NLMK invests a significant amount of resources in training and development. The share of employees trained in the reporting year was 93%. In 2022, total investments into training stood at RUB 586 million, including RUB 296 million of expenses for training activities, RUB 281 million of expenses for the educational processes of the Corporate University and e-courses development, RUB 9 million of remuneration of coaches. Thus, total costs for 1 FTE amounted to RUB 11,400.

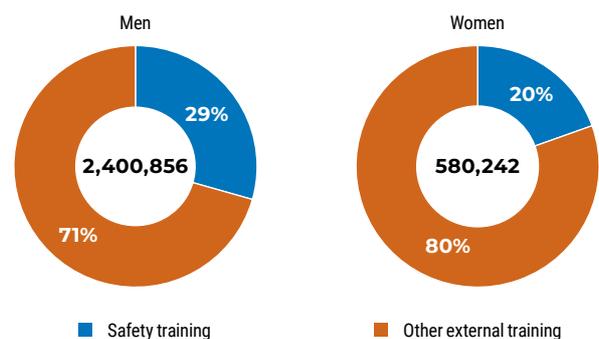
In 2022, NLMK employees received a total of 2,981,098 person-hours of training (including OHS training), with 181,909 of them delivered to NLMK Group's Russian companies via the Corporate University. Divided by NLMK Group's average headcount, this means 63.7 hours of training per FTE based on the average headcount of the Russian assets.

NLMK Lipetsk employees also provide trainings on the Company's professional competencies to students of partner educational institutions. Altogether, in the reporting year, 85,161 person-hours of training were invested into students. This allows to develop talent pool and mentors.

The overall time of OHS training in the reporting year was 819,579 person-hours (600,697 person-hours of external training, 214,857 person-hours of in-house training, and 4,024 person-hours at the Corporate University).

[\[GRI 404-1\]](#)

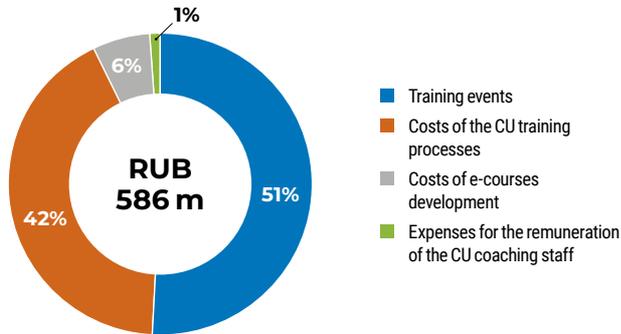
Total number of training hours



The training process is aimed at developing industry employees and implementing priority tasks in a rapidly changing business environment. It consists of several stages, which include not only educational programmes for the Company's employees, but also work with potential job candidates — schoolchildren and students of secondary schools and universities.

⁵ The average monthly salary is calculated as per 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. December 24, 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.

Structure of NLMK Group investment in employee training and development in 2022 [GRI 404-2]



TECHNOLOGY UNIVERSITY

NLMK established a dedicated unit to support development of professional competencies — the Technology University created specifically for professional training of blue-collar employees, development of technological and professional expertise of managers and specialists of production units, and training of young specialists. Technology University provides access to the Company's unique expertise, which cannot be acquired from outside the Company. At the basis of the Technology University is an assessment of qualifications and professional competencies, as well as production stage processes and strategies.

Technology University focuses on the following:

- ▶ Career guidance for schoolchildren
- ▶ Primary student training
- ▶ Training for blue collars
- ▶ Vocational training and professional development

CAREER GUIDANCE FOR SCHOOLCHILDREN

The key task of vocational guidance is to attract young people to the partner secondary vocational institutions to master the professions relevant for the Group. Over the past three years, NLMK Group has increased its target audience to over 20,000 people.

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, *Steelmaker's Quest*, *Schoolchildren Portfolio*.

PRIMARY STUDENT TRAINING

NLMK is a strategic partner of more than 20 specialised educational institutions of secondary vocational and higher education, including nine partner colleges and technical schools in the regions of operation where NLMK established joint educational projects.

The Interregional Methodological Council created to engage stakeholders and make collegial decisions, coordinates joint development of educational programmes. In 2022, the Council examined 37 educational programmes, and 3 comprehensive programmes aimed at developing educational and industrial clusters in the Lipetsk, Sverdlovsk and Belgorod regions.

4,500 students study at the specialised secondary vocational education institutions to get the professions relevant for NLMK.

The students also have an opportunity to take internships at the Group companies: in 2022, 2,500 students became Company interns, 770 of them got individual agreements that provide scholarships covered by the employer.

NLMK Group continued its Academy of Steel Opportunities programme and the Resolve Case Championship.

NLMK's Academy of Steel Opportunities consists of three stages that take 14 months in total. It includes training provided by the Company and an internship under the guidance of a mentor in the chosen function. The programme brings together university students of various professions, and allows them to learn business processes and technologies of the steelmaking industry, and to acquire in-demand skills and competencies to enhance their future career growth.

Participants of the programme receive income that grows stage wise, those subject to relocation get their travel and accommodation expenses compensated.

During the first wave, 75 trainees from 40 universities and 20 cities out of more than 2,000 applications were selected to become participants of the Academy. 47 trainees successfully completed the programme and 33 of the best graduates were employed by NLMK Group's sites in Lipetsk, Belgorod, Yekaterinburg and Moscow.

More than 2,000 applications were received for the new wave of the programme, 45 interns were admitted to the programme. The second wave is going to last until May 2023.

NLMK's Resolve Case Championship is a competition between student teams in solving an urgent business challenge set by NLMK. When solving a case that a Company sets during of the championship, students get acquainted with business processes and experience team work.

In 2022, 163 teams from 55 educational organizations of Russia applied for participation in the case championship, i.e. almost 700 students. Consultants and experts of the Company supported the teams throughout the championship. About 100 employees took part in the championship as experts of the jury and team consultants.

Prizewinners and winners of the Resolve Case Championship's major league received additional points upon admission to the Production Systems and Operational Efficiency master degree programme at the High School of Economics. The programme is taught by a team of NLMK top managers, and the Academic Council is chaired by NLMK Vice President for Operational Efficiency. Since 2022, NLMK has been running an in-depth internship for those on this programme giving the students an opportunity to join project teams of the Operational Efficiency function.

INDEPENDENT QUALIFICATION ASSESSMENT

At the end of 2020, NLMK Group opened Independent Qualification Assessment Centres at the Lipetsk site and NLMK Long Division. The centres conduct a professional examination, consisting of theoretical and practical parts. Practical exam takes place in live production environment. Based on the results of the exam, employees receive an industry certificate of qualification valid throughout the country. Thus, certified employees can confirm that their professional competencies meet the professional standard requirements.

At the end of 2022, qualification assessment centres were opened at Stoilensky and Altai-Koks. The total number of employees who managed to confirm their qualifications at the industry level exceeded 1,300 people.

Independent assessment of qualifications is carried out by more than 60 technical experts including managers and specialists.

In 2022, NLMK experts took part in the development of nine professional standards, NLMK Group led preparation and updating of assessment tools sets for 14 qualifications.

Moreover, in the reporting year, NLMK introduced a new tool for managing qualification assessment results — Expert Qualification Councils — held on a regular basis and consisting of the heads of units, production efficiency improvement departments and technical experts. The Expert Councils review the qualification assessment results, develop measures aimed at improving skills and abilities, and evaluate the efficiency of such measures. In 2023, such system will cover all transformation stages and structural divisions where a regular independent qualification assessment of blue collars is carried out.

VOCATIONAL TRAINING AND PROFESSIONAL DEVELOPMENT [GRI 404-2]

Given the nature of the Company's operations, vocational training and onboarding programmes play a significant role for NLMK employees. These programmes include training that qualifies employees to access independent equipment operation, vocational training, and professional development programmes. Training takes place at NLMK's own sites or in collaboration with certified third-party training institutions. For example, the Lipetsk site has an educational centre that holds state-licensed trainings in over 300 occupations.

In 2022, the programme for developing the material and technical base of NLMK Group's training centres continued. For example, two new mechanics and hydraulics workshops were opened and over 150 employees were trained and examined there.

One of the important professional competencies of managers and specialists is knowledge of English. In 2022, the corporate English language-training programme continued its development. Thus, the English Club was launched in Lipetsk, Stary Oskol and Yekaterinburg. More than 120 club members meet regularly both online and offline to develop and practice conversational English skills.

Echo On-line Translator

In order to master concepts and terms specific to the blast furnace and steelmaking industries in English, the Technology University developed and launched the Echo Translator extension that contains NLMK Group-specific glossaries.

MENTORING

Mentoring system is one of the key focuses of NLMK Group's HR strategy. It is a methodology and a management system that brings together about 8,000 mentors represented in 10 functional roles, each having a dedicated competency profile and supporting their own training programme.

The Annual Mentoring Cycle concept offers internal tools for planning, analytics and encouragement of mentors. Over 20% of the mentor pool is refreshed annually. Mentors are selected based on their professional experience and corporate competencies level. The training programme is built on real-life cases and is aimed at getting the skills needed to train and motivate beginners. In 2022, more than 1,600 mentors passed the new training programme.

180-degree assessment concept, where all participants of a particular training episode (mentee, mentor and direct supervisor of the mentee) share feedback and evaluate the results of joint work is used to evaluate efficiency of individual training with a mentor.

The Group holds annual supporting events for the mentors: the *Best Mentor* contest, the *Mentoring Week* and the *Thank You to Mentors* campaign. The Second Meeting of NLMK Group's Best Mentors enabled the traditional best practices exchange and provided a platform for the first meeting of the Group's local mentors communities where mentors established principles and rules for working with mentees, and came up with an action plan for the coming year.

CORPORATE PROGRAMMES AND PROFESSIONAL SKILL COMPETITIONS

Young Professional

The *Young Professional* programme is aimed at identifying and developing young employees who hold creative, production and leadership potential. It accelerates social and professional growth of young employees. NLMK Lipetsk launched the programme in 2006, the Mining Division joined it in 2015; over 3,000 employees had completed the programme since then.

Best in Profession

The *Best in Profession* competitions are held to identify the best employees in a particular profession, create incentives to improve expertise, promote occupational advancement of young employees, master practical skills and strengthen professional excellence traditions.

In 2022, 110 competitions were held with almost 3,000 participants.

SOCIAL ASPECT

NLMK CORPORATE UNIVERSITY

NLMK Corporate University was established in 2016 in order to centralize and implement a unified system of management education in NLMK Group. The Corporate University's mission is to create a learning environment for managers enabling sustainable growth of NLMK business.

Objectives

- ▶ Develop the leadership capabilities of NLMK managers
- ▶ Improve the management system through training and development
- ▶ Identify and replicate NLMK's best practices

The target audience of the NLMK Corporate University includes 6,500 leaders of the Company, including the talent pool.

In 2022, the training plan was exceeded, reaching 105%, and the number of individual trainings amounted to 22,772. The average number of training hours per year per employee of the target audience of the Corporate University is 17.5 hours.

In 2022, the Corporate University provided learning solutions in English for the audience of 242 people at NLMK Group's international sites.

On top of that the University provided training for the companies that belong to the ecosystem in three key areas: development/handling over of learning solutions on request, adaptation and implementation of learning solutions, participation of colleagues from the ecosystem in the learning solutions of the Corporate University.

The Leaders Train Leaders approach

Senior and middle managers and key experts of the Group assist in the development of the Corporate University programmes, and they also deliver training as in-house trainers for at least four days every year. As far as the end-to-end learning solutions of the Corporate University are concerned, the vice presidents of the Company conduct such trainings in mixed groups consisting of employees of various levels of management from supervisors to vice presidents of the Company. 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 with the help of in-house trainers via repeated internalization of programme 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 2022, the number of in-house trainers exceeded 430 employees.

Leadership Development Programmes

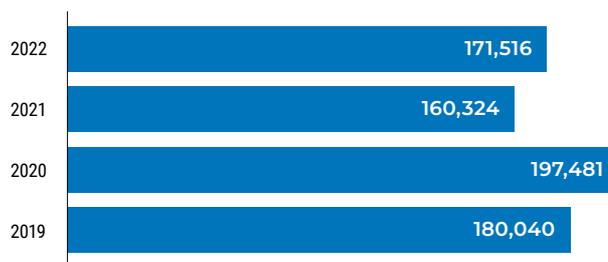
Leadership development programmes is a new stream in the Corporate University's portfolio of learning solutions launched in 2020. In 2022, the Corporate University delivered three leadership development programmes: *Dream100*, *Level Up*, and *Foremen School*.

The *Dream100* Programme continued in 2022 with in-person immersive sessions.

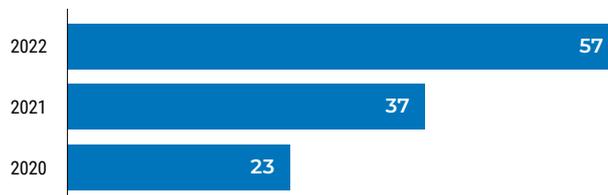
The *Level Up* Programme, which aims to develop mid-level talent pool, conducted two streams reaching more than 60 people. Programme work continued with advancement of individual projects, including regular feedback and advice from trainers.

The Company continued cascading the *Foremen School* Programme, reaching a target audience of over 3,300 people. The current number of trainees at the *Foremen School* is over 800 NLMK Group employees. The programme is aimed at developing managerial competencies of NLMK supervisors and candidates to supervisor positions from the talent pool.

Development activities, hours



Learning solutions, No.



NLMK Corporate University Campus

In June 2022, the Corporate University Campus hosted the First Corporate Education Leaders Forum attended by more than 300 managers and key experts from over 85 organizations: corporate universities and training and development departments, colleges and universities, business schools and EdTech providers.

Later, in the autumn the campus hosted the *Science as Art* Expo. It featured lectures on science in steelmaking and on digital technologies in academic research.

International collaboration

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

International recognition

In 2022 NLMK Group's Corporate University successfully completed the second stage of the CLIP (Corporate Learning Improvement Process) international accreditation programme of the European Foundation for Management Development (EFMD). EFMD is a leading independent corporate training organization that audits and evaluates all aspects of training and development for compliance with international quality standards.

ASSESSMENT AND DEVELOPMENT OF COMPETENCIES

In 2022, the Company revised its approach to assessment of managers. The coverage of the assessment centre was expanded to all managers in key positions. The assessment is administered by M+2 level executives. More than 110 shop managers from all Group companies have undergone the assessment, which involved 17 vice presidents and directors.

An online survey was launched called Navigator. This tool evaluates the corporate competencies at NLMK and incorporates development recommendations into individual reports. The survey was taken by more than 1,700 managers and specialists.

Since 2018, the Company has been using the *360-degree feedback* personnel assessment system. The results of the assessment are used to determine development goals and cannot be the basis for making HR decisions. In 2022, more than 150 employees were reviewed with 360-degree feedback.

The personal role of an employee and their immediate colleagues in terms of development planning is rising gradually. More focus is given to discussion of performance with the immediate superior, identification of most relevant growth areas, alignment on speed and quality of task execution.

End-to-end assessments continued for the following competencies:

- ▶ Corporate ethics and anti-corruption, including human rights
- ▶ Operational efficiency practices and tools
- ▶ Mastery of the Integrated Management System

Assessment of the end-to-end Corporate Ethics competency provides insight into the level of awareness of the Company's requirements to professional conduct across the dimensions of corporate ethics, adherence to human rights, and anti-corruption.

TALENT POOL

NLMK Group creates opportunities for employee development and ensures continuity in its managerial staff. To this end, the Company has run a talent pool programme for several years. Talent pool members make use of comprehensive programmes for the development of managerial skills. When filling in a managerial position, talent pool members are considered first.

In 2022, based on all Career Committee deliberations, the talent pool amounted to over 3,000 employees. From 2018 to 2022, 75% of managerial job openings were filled with the talent pool members.

CAREER PLANNING

Since 2019 NLMK Group has been developing the Career Planning process. Its goal is to incentivize staff to develop their competencies and to ensure availability of highly skilled internal candidates for new positions.

These efforts have resulted in maps for typical career paths at most functional areas of the Company, which enables better control over skillsets, including through staff rotation. The maps also provide for cross-functional transfers to develop specialists and managers with a broader business background.

The main focus in 2023 is on introduction of career planning practices. This is done through regular employee-manager dialogue on development and career, which improves engagement and motivation.

CAREER COACHING

A major effort went into raising awareness among NLMK employees about all available career development opportunities. This lent a new impetus to career coaching at the Company in 2022: 11 HR specialists were certified as career coaches and are available for employee requests. Members of the *League+* HiPo Programme were given early access to this service and took 90 personal consultations.

STAFF ONBOARDING

A number of initiatives was implemented in 2022 based on early results and feedback from the previous year, including robocall surveys to identify general trends and individual challenges among the new hires. Furthermore, detailed guides and memos were developed for new hires and their managers.

EMPLOYEE SUPPORT [GRI 404-2]

An issue of growing urgency is that of recruiting and developing qualified IT specialists. To this end, NLMK has launched a pilot project, *Discover IT*. It offers passionate employees a unique opportunity to learn coding for free in order to potentially make a career pivot and go into IT. A pilot group enrolled 15 people following a selection process. A mandatory qualification condition is to use the newly acquired skills to implement an IT project on the current job.

INCENTIVE AND RECOGNITION PROGRAMMES

NLMK Group has now operated the *NLMK Sferrum* recognition programme for two years. 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. At the end of 2022, more than 12,000 participants of the recognition programmes received rewards.

Social policy

[GRI 401-2] Corporate social programmes are a key tool for supporting high employee engagement, which 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.

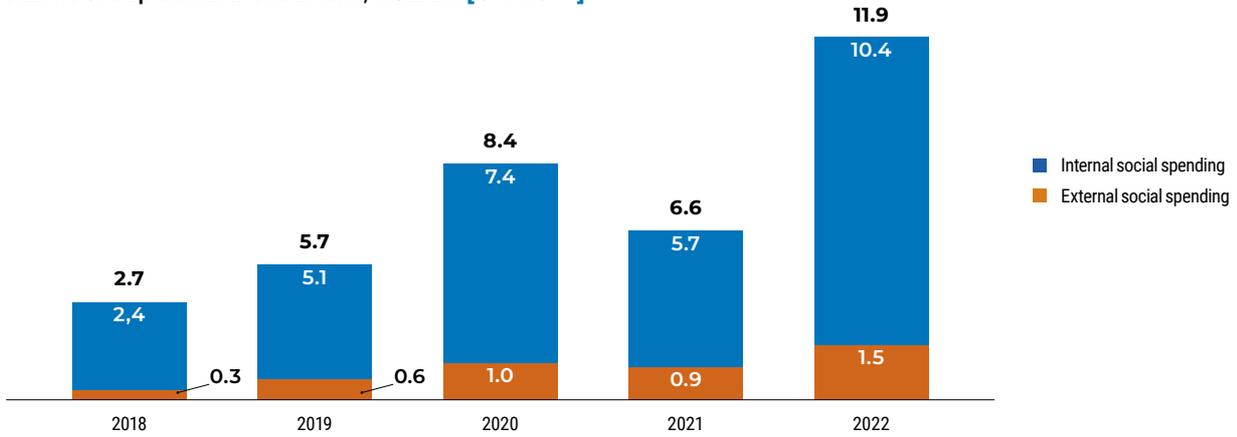
In 2022, NLMK Group continued to implement its Social Strategy until 2022, approved by the Management Board in 2019. The Social Strategy is a set of programmes that promote the long-term sustainability of business taking into account the interests of both the Company and its employees. The Strategy's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

- ▶ Achieving a high and well-balanced level of staff satisfaction and engagement
- ▶ Reducing waste (in terms of time, health, personal efficiency)
- ▶ Higher competitiveness and attractiveness of jobs and the employer.

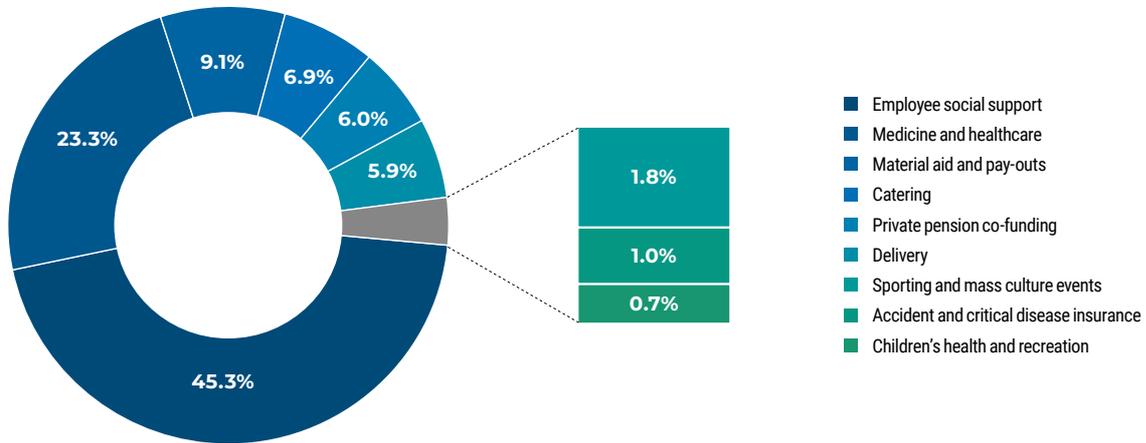
NLMK Group's total social investments in 2022 stood at RUB 11.9 billion, of which RUB 10.4 billion was allocated to social support programmes for NLMK Group employees.

SOCIAL ASPECT

NLMK Group social investment, RUB bn [GRI 201-1]



Social spending on NLMK Group employees by area⁶ [GRI 201-1]



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

The main changes in 2022 affected the following key projects of the Wellbeing Programme.

Mental health week

The event was aligned with the World Mental Health Day and touched upon various aspects of mental wellbeing: emotional health, stress management, resilience, positive attitude. The larger part of activities was organized online in order to reach the maximum possible audience. Leading specialists delivered webinars on headaches, healthy sleep habits and resilience, psychologists and therapists held coaching practice sessions and discussions, employees could sign up for free examinations by neurologists and physicians and take educational courses on emotion management offered by the Corporate University.

Employee assistance programme

In 2022 the employee assistance programme extended its coverage to all Russian companies of NLMK Group. The Company's employees can get free advice from a lawyer, a healthy lifestyle expert, a psychologist, and a financial advisor at any time. 5% of employees used the service in 2022, of which 96% are willing to recommend the service to their colleagues.

Pilot project to professionally assess burnout and stress levels

Following the pilot assessment of stress factors and levels in selected functional areas in 2021, corrective action was taken in 2022: management training focusing on identification of stress in employees, employee seminars on stress prevention and mental resilience, a series of webinars with psychologists addressing various psychology questions, in-person counselling at NLMK sites, mental health interactive event on Telegram.

⁶ Employee social support includes the one-off payment during a period of macroeconomic uncertainty in the amount of RUB 4.7 billion.

SOCIAL ASPECT

CHILDREN'S HEALTH AND RECREATION

The comprehensive health programme for the children of all Russian employees, launched in 2021, continued into the next year. Parents could choose one of three options:

- ▶ Regional summer camps
- ▶ Mother and Child programmes at health resorts in the Black Sea and Caucasus regions or locally
- ▶ 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. The children's health and recreation programme was expanded with educational activities covering NLMK Group operations, healthy lifestyles, useful digital tools. Employees' children received branded merchandise kits. The total number of funded health resort trips for children was 2,026.

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.

In 2022, as part of a strategic partnership with federal catering operators, the Company:

- ▶ Improved the quality of food and service in corporate canteens and buffets
- ▶ Increased canteen coverage from 33 to 60%
- ▶ Reviewed the menus regularly to add more healthy meals (more seasonal fruits and vegetables, Healthy Eating weeks, etc.)
- ▶ Introduced online orders and delivery of hot meals (lunch boxes) to remote production sites and offices. In 2022 the number of lunch boxes ordered and delivered was 83,000.

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 2022, more than 1,600 employees participated in the programme. Feedback indicated that over 97% of participants would recommend it to their colleagues.

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. NLMK Group strives to create a comfortable working environment where each employee can realize their full potential while staying true to themselves with their own individual differences and traits.

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. According to the Company's employees, flexible work hours and shorter workdays are the most desired support measures for working parents.

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.

In 2022 the Company began developing a dedicated re-onboarding programme for employees after parental leave.

In 2022, 344 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 2022, 3% of male employees took parental leave, which is 1% more than the previous year. In total, the Company employs more than 4,000 parents raising children under the age of three. [\[GRI 401-3\]](#)

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

NLMK PULSE CORPORATE SURVEY

NLMK Pulse corporate survey in 2022 covered over 39,000 respondents from NLMK Group's Russian companies (approx. 80% of average headcount) as well as NLMK DanSteel, NLMK Verona, NLMK Pennsylvania and NLMK La Louvière.

Participation in the survey gives each employee an opportunity to directly impact changes in the Company. Following the 2022 survey:

- ▶ More than 400 meetings were organized to improve the efficiency of communication between managers of different levels and employees
- ▶ RUB 240 million was invested in improving working conditions: repair of canteens, dining rooms, and gyms
- ▶ Close to RUB 80 million was invested in the renovation of sanitary facilities
- ▶ Over RUB 400 million was invested into increasing the quality and quantity of PPEs

TRADE UNION ORGANIZATIONS AND COLLECTIVE BARGAINING AGREEMENTS

[\[GRI 407-1\]](#) The Company fully supports employees' right of association and collective bargaining. NLMK 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 international 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.

In 2022 NLMK Group established a parity-engagement collegiate body: Council for Social and Labour Partnership. The Council employs as parity members the representatives of the Group company management and of the primary trade union organizations.

Number of employees covered by collective agreements, % [GRI 2-30]

Region of NLMK Group	2018	2019	2020	2021	2022
Russia	100	100	100	100	100
NBH JV ⁷	88	88	87	97	97
USA ⁷	72	71	72	72	71

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.

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.
- ▶ Healthy lifestyle: activities to promote a healthy lifestyle and engage residents of the ‘home’ regions in grassroots sports, equipping sports grounds, 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.

As of the end of 2022, close to 1,600 NLMK employees were part of the volunteer movement.

CORPORATE SPORTS

NLMK traditionally provides its employees with all conditions for healthy physical activity. The Company has equipped gyms and playgrounds on its sites, corporate 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, sporting communities are developing (jogging, chess, Nordic walking, GTO).

Corporate sports development session

In September 2022, the Corporate University hosted a strategy session on development of corporate sports at NLMK. The event attracted more than 100 members of NLMK movement for sports and healthy living – curators and organizers of sports sections and communities, practising athletes and coaches, representatives of sporting clubs and the trade union. The session also featured guest speakers who shared best practices and cases in corporate sports. The goal of the strategy session was to review the trends in corporate sports and to discuss the approach to development of corporate sports at NLMK Group. Inputs by the session participants served as the foundation of the development concept for corporate sports at NLMK which is being drafted in 2023.

Plans for 2023 and the medium term

TRAINING AND DEVELOPMENT

In 2023 the Company will continue to improve its educational programmes for key working professions. It is planned to continue development and delivery of educational solutions for key transformation stages and key functions.

ONBOARDING

The work on improving the Company’s onboarding process will continue focusing on pain points identified in onboarding satisfaction assessment.

ASSESSMENT AND DEVELOPMENT

In 2023 the Company will continue the introduction of an updated HR cycle with a new approach to employee assessment and development. The new approach offers a revised taxonomy of assessment tools, an updated career committee methodology, and newly developed career paths for all pilot areas.

A comprehensive assessment will inform the new format of career committees and continued development processes. The focus is on development of managerial culture and introducing the practice of development dialogue to support quality career planning. Furthermore, additional communications and awareness raising efforts will be undertaken on development processes and opportunities, including such development tools as *Comprehensive Development Guide* and a new approach to building technical expertise.

SOCIAL POLICY

The plan for 2023 includes drafting corporate sports development framework, expanding the corporate volunteer movement and holding the third contest of volunteer projects *Social Help*, revising the competition procedure within the *Healthy Choice* project to attract past participants.

Another task will be to develop methodological approaches to assessing how well these activities comply with the principles set out in NLMK’s Human Rights Policy.

CAREER GUIDANCE

The Company plans to launch new guidance tools to introduce school students to steelmaking with *Steelmaker’s Quest*, to main jobs at the Company with *Occupation Mixer*, to self-presentation and portfolio skills with *School Student Portfolio*. The main focus in career guidance will be to increase the enrolment of secondary vocational education students into NLMK partner colleges and universities. Reformatting of existing career counselling programmes is planned in 2023 to focus on the 9th grade and blue-collar occupations.

⁷ 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%. [GRI 2-30]

OCCUPATIONAL HEALTH AND SAFETY (OHS)

KEY FIGURES FOR 2022	MATERIAL TOPICS
<p>0 accidents at hazardous production facilities</p> <p>5 top risk programmes introduced to prevent injuries</p> <p>98% of drivers and operators completed the two-year training cycle on Defensive Driving (more than 3,500 employees)</p>	<ul style="list-style-type: none"> Occupational health and safety
	KEY EVENTS IN 2022
	<p>Results of injury prevention programmes:</p> <ul style="list-style-type: none"> 32% decrease in LTIFR among employees and contractors 54% less falls from height 45% less injuries from dropped objects 36% less same-level falls 33% less injuries from moving equipment parts 15% less injuries during manual operations and while using hand tools 9% less falls with a level difference
AWARDS AND COMPETITIONS	
<p>In 2022, the Company's OHS officers were recognized with awards from the <i>International IPWeek</i> and the <i>Case In</i> international competition for young professionals</p>	

Our approach to managing 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. 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.

The Company's approach is 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

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

OHS issues are regulated at all management levels within NLMK Group, with the key role assigned to the CEO. CEO determines the Group's OHS development strategy and approves its foundational document, [the Integrated Management System Policy \[GRI 2-24\]](#). In addition to the IMS Policy, the Company has a series of corporate documents that regulate individual aspects of OHS, including the OHS Risk Management Regulations, Road Safety Regulations, etc.

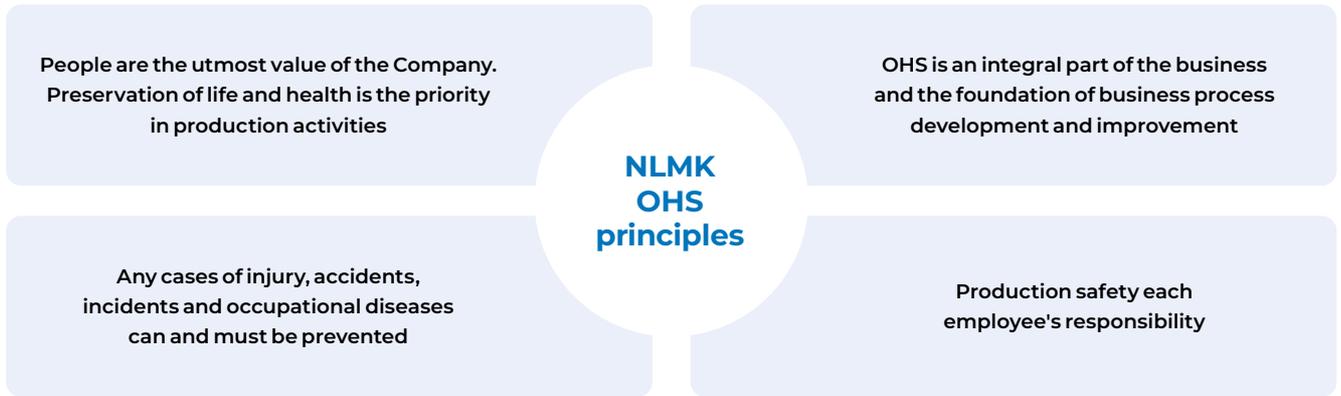
The Group has established the following strategic objectives in matters concerning OHS:

- ▶ Zero fatalities involving employees and contractors
- ▶ Total Lost Time Injury Frequency Rate (LTIFR), including contractors, of not over 0.5
- ▶ Raising awareness among staff vis-à-vis personal safety

The Management Board is updated on a monthly basis on key aspects and projects in OHS and the results of occupational accident investigations. OHS strategy status and goals are reviewed every quarter. These reports make it possible to analyse the performance of the OHS management system and develop measures to improve it. [\[GRI 2-24\]](#)

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.

SOCIAL ASPECT



Operational OHS issues are handled by NLMK Group's OHS Department. Each site has its own OHS service; shops of larger sites, too, have dedicated occupational safety staff. The Group-level service has established a development project office that is tasked with maintenance and improvement of the OHS management system. A separate unit works on contractor engagement at major reconstruction and development CAPEX projects.

OHS management system and certification

NLMK Group applies a risk-based approach to OHS management. All Company sites have an OHS management system that annually undergoes an independent audit for compliance with ISO 45001. [\[GRI 403-1\]](#)

In 2022 the OHS Department audited 32 contractors in order to evaluate their OHS management systems. Each contractor organization received a follow-up action plan aimed at addressing observations and development of OHS processes. These proposed actions should ensure compliance of contractor OHS management systems with the requirements of the Russian law. [\[GRI 403-8\]](#)

NLMK is committed to establishing an OHS management system that operates effectively and covers 100% of employees and contractors. Ten production companies have been certified under ISO 45001:2018, 100% of their staff is covered with the OHS management system. [\[GRI 403-8\]](#) [\[GRI 403-1\]](#)

Hazard investigation, risk assessment and incident investigation

NLMK Group applies a risk-based approach to OHS management. The Company assesses risks in all production operations.

An e-learning course has been developed in order to ensure due quality of operational risk assessment.

The OHS Department and local site specialists conduct audits to ensure effectiveness of the process for operational risk assessment management. In 2022 more than 85,000 operations were inspected as part of this effort.

All OHS incidents are followed up with an investigation, including identification of systemic causes and development of corrective actions. [\[GRI 403-2\]](#)

INDUSTRIAL MEDICINE [\[GRI 403-3\]](#)

The Industrial Medicine Development Strategy includes several major clusters of projects with a focus on building up a system of emergency response when providing aid to the injured and ill.

On-site clinic equipment

In 2022, the level of on-site clinic equipment increased on average by 30%. Six major on-site clinics were remodelled and upgraded. All corporate on-site health clinics operate modern equipment for emergency and first aid, condition monitoring and immobilization. More than 30 paramedics completed the Immediate Life Support (ILS) Provider course in 2022 and were ILS certified.

First aid

The Groups' sites have installed a total of over 220 advanced automated external defibrillators. In 2022, more than 400 employees took the in-person course "Cardiopulmonary Resuscitation with AED" and 800 employees took in-person training in first aid. Also, two interactive e-courses were developed: "Cardiopulmonary Resuscitation with AED" and "First Aid: Injuries and Critical States". Over 9,000 employees took the training and the total number of people trained exceeded 20,000. In 2022, Stoilensky held its first corporate first air competition.

In January 2022, an on-site clinic paramedic and an employee of NLMK Lipetsk carried out successful defibrillation and resuscitation of a colleague in distress while waiting for an ambulance. They were officially recognized by the Company management and received certificates "For Saving a Life".

Emergency evacuation

Training sessions (medical drills) are organized regularly to test emergency medical evacuation plans. More than 160 training sessions were held at on-site clinics; four large-scale drills were organized with involvement of emergency services.

Health checks

In order to boost the efficiency of pre-shift and pre-trip medical check-ups, in 2022 nine sites of the Group commissioned 95 electronic check-up terminals. Pre-shift and pre-trip medical check-ups have been 100% automated and a total of over 1.3 million such checks were administered.

Staff engagement

Since 2020 the Company has operated a single system of incentives that promotes pro-active involvement and engagement in OHS processes. The structure of incentives in OHS splits into two parts: regular encouragement and the Safety Leaders contest on site- and group-levels.

[GRI 403-2] The number of employees rewarded for desired behaviours in 2022 as part of regular incentives went up 43% year-on-year.

Furthermore, the number of applications to participate in the Safety Leaders contest more than doubled.

One of the key tools in promoting safety awareness is last minute risk assessment. It aims to form a habit of evaluating the workplace situation in terms of safety before commencing work. In case of a threat to health or life, operations are halted until safe conditions are established. More than a thousand employees received recognition for active participation in last minute risk assessment in 2022. [GRI 403-2]

Suspension of unsafe operations is a legitimate right of each employee which entails no repercussions as guaranteed by the CEO.

Staff get more actively involved in hazard identification and risk assessment also through the use of dedicated Hazard Reporting IT service. The app allows each employee to report workplace hazards and enables more effective risk management by leaders. Employee engagement in managing unsafe events through the IT service was 70% (+25% vs. 2021).

Throughout the year, the programme for leadership development in OHS was being actively implemented, curated by the NLMK Group CEO. [GRI 403-4] OHS Committees operate at all Russian companies of the Group.

OHS issues are discussed monthly 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. [GRI 403-4] [GRI 403-4]

Launched in December 2019, the hotline is available 24/7 for all employees of the Group's Russian operations, including contractors, former employees, and trade union representatives. The hotline registered over 140 employee communications.

Training [GRI 403-5]

Since 2018, the Company's main focus has been on developing a culture of safety at NLMK. Particular attention is paid to improving the level of safe behaviour: internal and external training sessions are conducted for Group employees and contractors. Over 90% of employees have already been trained in OHS tools in line with the official plan.

The Company is also developing a culture of safe driving. As part of the project to increase traffic safety for road and rail transport, almost 3,000 drivers of road and process transport took the Defensive Driving course. The training activities cover also the contractors who operate moving transport on NLMK sites.

Electronic work permits

In 2022, NLMK Lipetsk and the Mining Division completed the integration of electronic work permits (EWP). More than 98% of all work permits issued at NLMK Lipetsk are electronic, and more than 95% of permits at the Mining Division. The plan for 2023 is to roll-out the electronic system at all Group sites.

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.

The LOTO system is currently piloted at seven sites of NLMK Group. Over 50% of preventative maintenance activities rely on the LOTO system. More than 100 in-house coaches were trained in LOTO. More than 500 employees involved in the LOTO processes received training. All Russian sites underwent an assessment audit.

All NLMK Group sites are to be covered by the LOTO system until 2025.

Industrial safety

In 2022 the Company was pursuing planned activities to develop industrial safety. It assessed the safety of technical equipment, buildings and structures, updated the regulations of industrial safety review process and procedure. The employees involved in the safety review process received appropriate training.

In 2022, the Company carried out 100% of planned safety reviews and all follow-up actions were implemented.

The OHS IT system is being developed as well. An automated Industrial Safety module was developed and launched to track relevant analytics in real time. The Investigations module was updated to support quarterly factor analysis of industrial safety incidents.

The industrial safety management system regularly undergoes internal and external audits.

Employee health and wellbeing

[GRI 403-6] Health and wellbeing of employees is one of the indispensable priorities of NLMK Group. Actions to promote employee health and wellbeing are part of the Group's HR Strategy. For more on health and wellbeing, see the Social policy section.

Partnerships with contractors

[GRI 403-7] In 2022, NLMK Group companies engaged over 1,100 contractors and subcontractors, as well as outsourced service providers with an average headcount of 17,500 employees.

Ensuring safe working conditions for contractor staff is an integral part of NLMK's risk-based approach

SOCIAL ASPECT

to corporate social responsibility and one of the strategic goals of NLMK Group.

The Group has a mandatory OHS qualification procedure applied to any counterparty that intends to provide services on company premises. For more details on counterparty qualification, see the *Supply Chain Management* section.

In 2022, introductory OHS briefings were recorded as videos and tailored specially for production and non-production personnel. There is a test following the briefing and site entry permits are issued strictly subject to successful completion of the test.

In 2022 more than 200 line managers and OHS officers from 50 contractor organizations took knowledge tests in the Russian OHS legislation. Around 3,900 contractor employees took corporate learning courses in OHS. Such comprehensive approach to development of contractor staff and the system of in-house coaches introduced contractor-side enabled a qualitative improvement in the efficiency of training.

In order to assess OHS management systems, comprehensive audits were carried out at 32 contractor organizations. Following the audit, each organization received a custom plan of corrective actions. Full implementation of these plans will allow contractors to ensure compliance of their OHS systems with the requirements of the Russian law and improve the business reputation of NLMK Group. Penalties for low performance in comprehensive audits were introduced for contractors in 2022.

The OHS system for contractor organizations continued to evolve in 2022 in two new areas: development of approaches to managing outsourcers and lease-holders. Based on OHS tools from the Group's investment projects a methodology and responsibility chart have been prepared for the Group companies that outsource key processes.

In October 2022, a second OHS Executive Forum was organized to increase engagement of contractors into OHS matters. It was attended by over 140 people.

A dedicated forum was held also for contractor organizations that operate vehicles on NLMK Group's premises. As part of the road safety culture programme, the Company holds regular webinars on various aspects of motor safety.

Emergency preparedness and incident reporting

NLMK prioritizes efforts to prevent and respond to emergencies. These issues consistently feature on the agenda of NLMK Group's leadership.

The responsibility for emergency preparedness, response and incident investigation lies with competent services at each site. 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 2022 included sessions on fires, gas leaks, acid/alkali spills, molten zinc leaks or spillages, as well as power outages.

OHS investments

The Company invests in OHS development annually to attain its safety objectives.

2022 performance

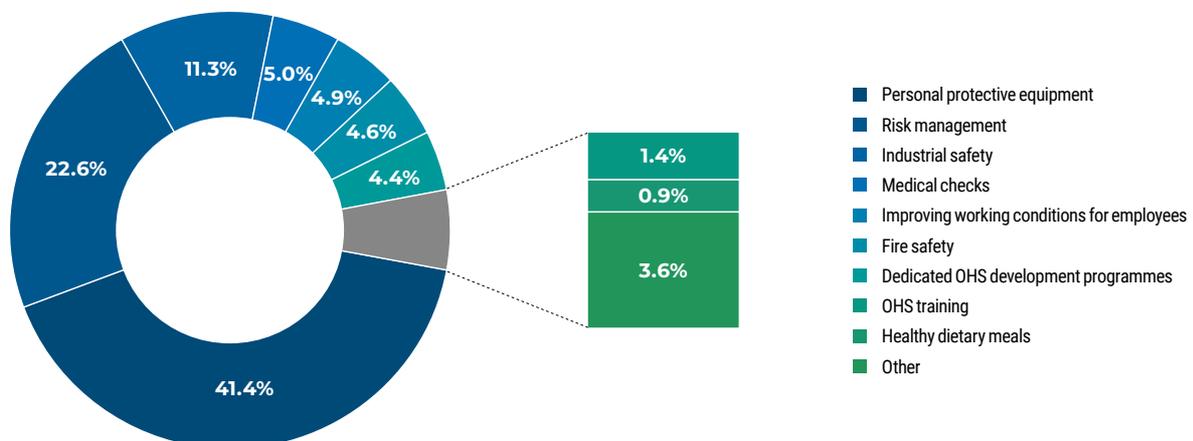
In 2022 the Company continued to implement its anti-concealment programme for incident registration at all levels. NLMK Group strives to determine the systemic causes, develop corrective measures, and prevent incidents from happening again.

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

[GRI 403-9] In 2022, employees and contractors at NLMK Group sites suffered 98 lost time injuries. The total number of injuries went down by 32%, employee injuries reduced by 40%, contractor injuries increased by 14%.

Breakdown of occupational health and safety investments in 2022, %



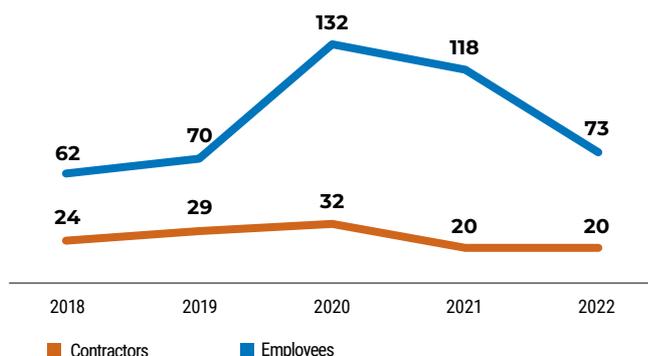
Work-related injuries [GRI 403-9]

Indicator	2018	2019	2020	2021	2022
Total number of occupational incidents	89	105	167	144	98
Employees	65	72	133	123	74
Contractors	24	33	34	21	24
Number of occupational fatalities	3	6	3	6	5
Employees	3	2	1	5	1
Contractors	0	4	2	1	4
Number of lost time injuries	86	99	164	138	93
Employees	62	70	132	118	73
Contractors	24	29	32	20	20
Total person-hours worked for employees	93,637,091	95,179,559	93,300,837	97,493,913	95,175,295
Total person-hours worked for contractors	22,612,132	26,995,931	39,798,091	44,452,504	46,252,482

In 2022, total person-hours worked for contractors was 46,252,482 million hours, which is 4% more year-on-year due to an increased number of contractors on site up 7%. Work time statistics for contractors are recorded in person-hours. NLMK Group engages contractors at production facilities mostly for temporary or on-and-off tasks. [GRI 2-8]

The Company deeply regrets the fatalities that involved one employee and four contractor workers at the sites in Lipetsk, Kaluga and Sary Oskol. All accidents were investigated thoroughly to identify the root causes and take corrective actions.

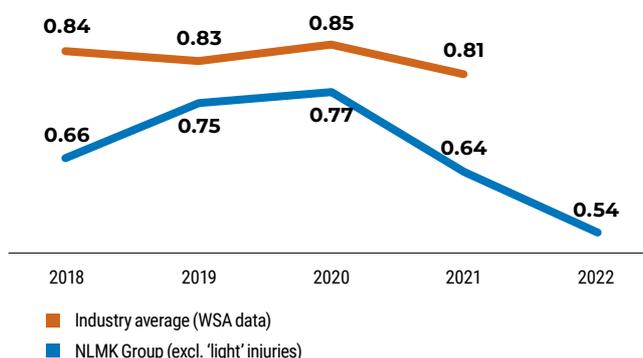
Number of work-related incidents resulting in injury to NLMK Group employees and contractors in 2018–2022 (without fatalities) [GRI 403-9]



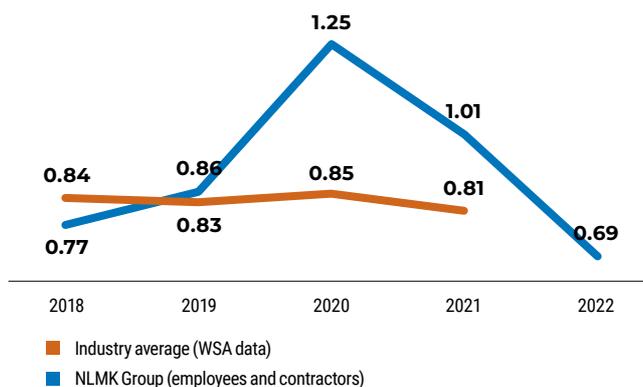
The system for recording work-related injuries at NLMK Group is based on industry-wide methods adopted by the World Steel Association (WSA). The main injury rate indicator used in the Group is Lost Time Injury Frequency Rate (LTIFR). The jump in LTIFR for employees in 2020 was due to the introduction of an open incident registration policy in the Company, however, thanks to implemented safety programmes and measures, LTIFR is gradually decreasing — by 19% in 2021 and by 32% in 2022 year-on-year.

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 0.69 calculated per one million of person-hours. [GRI 403-9]

NLMK Group's LTIFR without 'light' injuries vs. the industry average [GRI 403-9]



NLMK Group's LTIFR vs. the industry average [GRI 403-9]

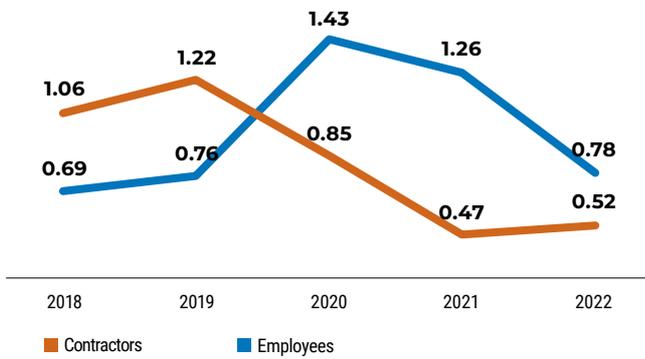


The top-3 materialized hazardous factors were same-level trips and falls, manual operations and hand tools, and dropped objects.

Analysis was conducted to identify Group-wide priority areas of effort for 2023: risk management during planning and preparation of works, and contractor management.

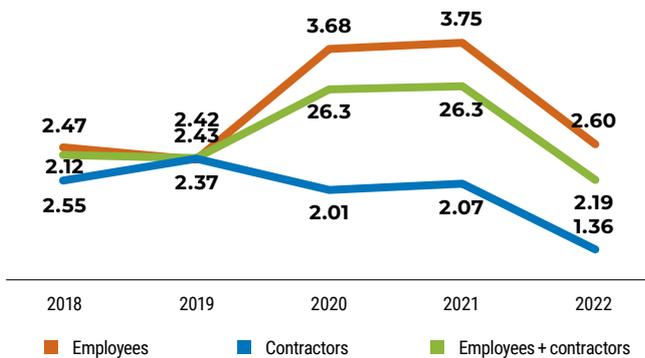
SOCIAL ASPECT

LTIFR for NLMK Group employees and contractors [GRI 403-9]

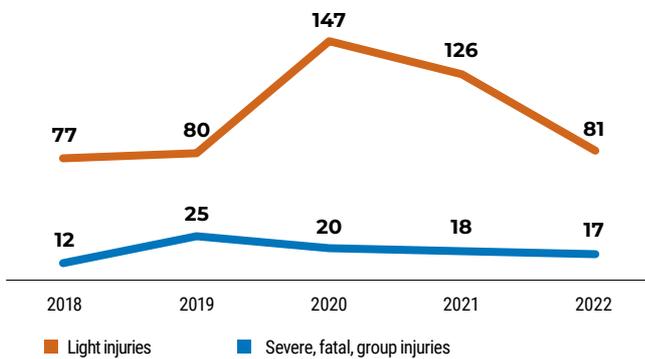


The Group keeps records of all work-related injuries and measures the Total Recordable Injury Frequency Rate (TRIFR)⁸, which is calculated every month for each subsidiary and includes data on contractors. In 2022, total TRIFR decreased vs. last year to 2.19 due to a reduction in lost-time injuries by 32% and in non-disabling injuries by 32% among employees and contractors.

TRIFR (RI) for NLMK Group employees and contractors* [GRI 403-9]



Injuries by severity



The number of light injuries decreased by 36 %, and the number of severe, fatal, and group injuries went down by 6% year-on-year.

Plans for 2023 and the medium term

OHS tools and injury reduction programmes

- ▶ Continued implementation of programmes to manage top injury risks at NLMK Group sites.
- ▶ Consolidation of skills related to OHS tools focused on quality and analysis.
- ▶ Introduction of a professional risk management process.
- ▶ Development of the safety culture and leadership.
- ▶ Piloting of an educational solution aimed at development of safety awareness.
- ▶ Development of the incentive system in OHS.
- ▶ Implementation of the OHS leadership programmes for line managers.
- ▶ Revision of the safety culture maturity assessment system.

Industrial safety

- ▶ Further development of the industrial safety management system through update of key processes in line with the Russian law and best practices in industrial safety.
- ▶ Organization and performance of ISMS audits with follow-up corrective action for all Group sites in order to ensure safety at hazardous production facilities.
- ▶ Elaboration of a strategy for development of the industrial safety management system in 2024–2026.
- ▶ Increased efficiency of the production control system at NLMK Group companies to ensure safety at hazardous production facilities.
- ▶ Development and implementation of reactive programmes based on incident investigations.

Traffic safety for road and rail transport

- ▶ Continued introduction of international practices for the development of personnel driving automotive, industrial (in-shop), and mining transport and special equipment.
- ▶ Continued introduction of new technologies and digital solutions in railway transport, updating and fine-tuning of security and control systems.
- ▶ Installation of safety and control features in vehicles: satellite monitoring, two-way dashcams, back-up sound alarms, parking radar systems, safety circuits, driver sleep detection and alarming systems.

Industrial healthcare

- ▶ Set of actions to minimize risks of sudden death from systemic diseases at NLMK Lipetsk and Stoilensky.
- ▶ Audit of actions and projects in industrial healthcare, development and implementation of follow-up corrective measures.

Engagement with contractors

- ▶ Introduction of a knowledge testing system for hiring contractors on high-hazard jobs.
- ▶ Roll-out of contractor training practices to all Group companies.
- ▶ Digitalization of contractor management processes, deployment of IT solutions at Group companies.
- ▶ Improved control over all contractor and outsourcer operations based on risk levels.
- ▶ Development of OHS management systems at large contractor organizations employed by the Group.

8 TRIFR includes fatalities, disability cases, and cases requiring treatment. It is calculated on the basis of the method adopted by the Group for determining recordable injuries (RIs).

DEVELOPING LOCAL COMMUNITIES

[GRI 413]

KEY FIGURES FOR 2022	MATERIAL TOPICS
<p>RUB 1.5 bn investment in external social programmes</p> <p>74 projects supported through the <i>Steel Tree</i> grant competition</p>	<ul style="list-style-type: none"> • Indirect economic impacts • Local communities
	KEY EVENTS IN 2022
	<ul style="list-style-type: none"> • The <i>Marathon of Good Deeds</i> expanded its geography: in 2022, the event took place at all Group production sites. • Residents of the Lipetsk region took part in the survey on social programmes implemented by the Miloserdnye Charitable Fund.
AWARDS	
<ul style="list-style-type: none"> • The <i>Steel Tree</i> grant programme and NLMK's corporate volunteering programme won the <i>Best Social Projects in Russia</i> competition. • Miloserdnye Charitable Fund for Social Assistance was awarded a certificate of honor of the Chamber of Commerce and Industry of Russia, two golden badges For Merit to Lipetsk and the highest awards of the <i>Point of Reference</i> All-Russian competition of voluntary public annual reports. • In 2022, Miloserdnye Charitable Fund was ranked 7 in the RAEX rating of corporate and private charitable organizations, improving its position by 11 notches. 	

Priority areas of support to 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 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.

The main document regulating the Company's approach to the implementation of social programmes is NLMK Group's [Sustainable Development Policy](#), according to which one of the Company's key goals is to contribute to the social development of the regions where it operates.

In 2022, the Company continued the development of its Charity and External Social Strategy and Policy. These top-level documents will become an integral part of the Group's strategic documents. They are developed taking into account the best Russian and international practices based on the assessment of the key regions of presence.

The Company implements its charitable projects in the following main areas:

- ▶ Health and well-being
- ▶ Education
- ▶ Grassroots and children's sports
- ▶ Community relief and responsible leadership
- ▶ Support for vulnerable social groups
- ▶ Culture, urban development.

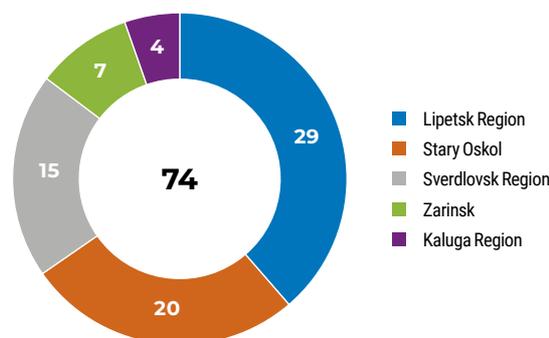
NLMK's corporate citizenship and philanthropy activities to support and develop the regions in which it operates are pursued chiefly in collaboration with the Company's social partner, the Miloserdnye (Mercy) Charitable Fund for Social Assistance. It is the largest charitable organization in the Lipetsk region. The Fund is included in the All-Russian Register of Socially Responsible Enterprises and Organizations; it is also a member of the Donors Forum Association of Grant-giving Organizations.

SOCIAL ASPECT

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 Miloserdiye Fund is a longstanding trusted partner of NLMK in the Lipetsk and Belgorod Regions and in Altai Krai. In 2022, branches of the foundation were opened in Stary Oskol and Zarinsk. Over 50,000 people benefit from the Miloserdiye Fund each year.

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. Examples of such tools are the *Steel Tree* grant competition and the *Marathon of Good Deeds*.

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 2022, 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 from among 500 applications, with members to represent NLMK, the Miloserdiye Fund, regional and local authorities. A total of 74 grants were awarded to projects from various regions of presence, of which NLMK contributed RUB 25 million.

In 2022, work was underway to increase transparency and digitalize competitive procedures. The regulations on the competition have been substantially finalized; the website of the competition was prepared for launch. Online application submission, full information about application status, feedback from the organizers and experts is available to participants on the website, and the work of the administrators and experts of the competition is also fully automated.

Marathon of Good Deeds

In September 2022, the Marathon of Good Deeds was held for the second time, timed with the International Day of Charity. This year the marathon expanded its geography: it was held at all Russian sites of the Group.

The sports and environmental marathon was held with the support of the Miloserdiye 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. The Moscow office organized a race in support of the wards of the Marfo-Mariinsky Monastery of Mercy.

NLMK also operates various volunteering and charity programmes and conducts research on the needs of local communities in the regions 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
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
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 2022, 20 NLMK projects were heard publicly and approved by Lipetsk residents

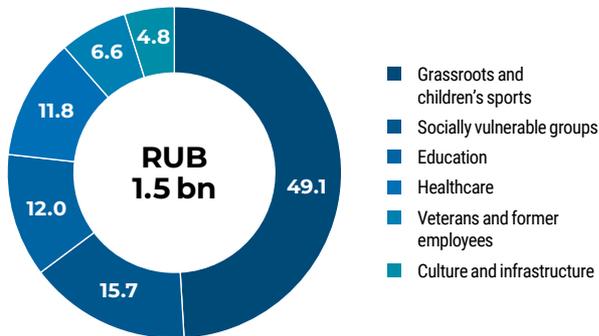
Local community impact assessment

In 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 Miloserdnye 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.

Performance in 2022

Each year, NLMK allocates significant resources to corporate citizenship programmes in a variety of areas. In 2022, NLMK Group allocated RUB 1.5 bn to external social programmes. Local community engagement programmes are in place at all companies of the Group. [\[GRI 413-1\]](#)

Investments in corporate citizenship programmes, % [\[GRI 203-1\]](#)



HEALTH AND WELL-BEING, 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 178.2 million was allocated to support healthcare in 2022, which amounted to 11.8% of the Company's total investment in corporate citizenship programmes.

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 the Group employees and proactive local residents to participate in social causes, including through the grant competition.

A total of RUB 236 million was allocated to support this category in 2022, which amounted to 15.7% of the Company's total investment in corporate citizenship programmes.

SUPPORT FOR VETERANS AND FORMER EMPLOYEES

NLMK places considerable emphasis on supporting veterans and retired employees. This includes organizing regular trips and other cultural events, regular exhibitions of art by veterans as well as sporting tournaments and healthy lifestyle activities. One important aspect of the Company's engagement 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 to host meetings with veterans, organize visits to war memorial sites, and give lessons on courage in schools and basic educational institutions.

A total of RUB 99.2 million was allocated to support this category in 2022, which amounted to 6.6% 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 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: almost half of the current Russian skeet shooting team are graduates of this school.

In the Lipetsk region, the *Steel Tree* grant programme supported the set-up of a new multifunctional sports and gaming complex in the village of Gryaznoye and a new skate park in the village of Borinskoye.

In the Belgorod region, a new athletics public space was set up as well as an outdoor powerlifting complex for pupils of the Starooskolskaya children's football school.

In Zhirinsk, Altai Krai, a workout area and a playground were opened.

In the Kaluga region, the Miloserdnye Fund supported the set up of a new playground for the children of the social shelter for children and adolescents, as well as another playground in the Borovsky district.

In the Revda town of the Sverdlovsk region, a new volleyball court was funded by the *Steel Tree* grant competition.

A total of RUB 738.7 million was allocated to support this category in 2022, which amounted to 49.1% of the Company's total investment in corporate citizenship programmes.

SOCIAL ASPECT

EDUCATION

The 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 at the Company's sites 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 2022, the Miloserdiye Fund assisted over 400 high school students in studying such applied technologies as metallography, electrolysis, and alloy casting. The Lipetsk State Technical University hosted these interactive workshops. The *Steel Tree* grant programme funded special educational equipment to organize master classes.

Students of the Starooskolsky branch of the Sergo Ordzhonikidze Russian State Geological Exploration University also received new interactive equipment from the Fund. The *Steel Tree* grant programme funded the GeoLab Laboratory project.

A total of RUB 180.8 million was allocated to support this category in 2022, which amounted to 12% of the Company's total investment in corporate citizenship programmes.

CULTURE AND COMFORTABLE WORKING ENVIRONMENT

The main priorities of NLMK Group's corporate citizenship programmes include determining and facilitating solutions to issues that currently affect the regions where the Company operates as well as social infrastructure development.

In the Sverdlovsk region, the *Steel Tree* grant programme supported creation of a new public space for the development and recreation of children with disabilities. A training apartment for the social adaptation of special children was opened in the village of Monetny in the Berezovsky city district.

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 and Altai-Koks.

A new cultural project was opened in the city of Berezovsky, Sverdlovsk region, with the support of the Miloserdiye Fund. Thanks to a grant from the *Steel Tree* programme, an open-air cinema was set up here, which was marked by an open-air cinema festival.

A museum of Russian folk crafts opened its doors in the Dobrovsky district of the Lipetsk region with the support of the Miloserdiye Fund. Another project of the grant programme helped more than 500 Lipetsk schoolchildren to master the skills of traditional folk crafts.

A total of RUB 72.5 million was allocated to support this category in 2022, which amounted to 4.8% of the Company's total investment in corporate citizenship programmes.