



OUR TEAM

REPORT/2016

SUSTAINABLE DEVELOPMENT 2016 HIGHLIGHTS

NLMK Group improved its key sustainability indicators in 2016.



OCCUPATIONAL SAFETY IMPROVEMENT

THE LOST TIME INJURY FREQUENCY RATE (LTIFR) DECREASED



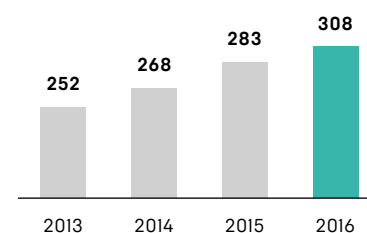
Almost all 2016 OHS targets were met.

NLMK introduced the position of Vice President for Occupational Health and Safety and the Environment.

INCREASED LABOUR PRODUCTIVITY

CONTINUED LABOUR PRODUCTIVITY GROWTH ACROSS THE GROUP

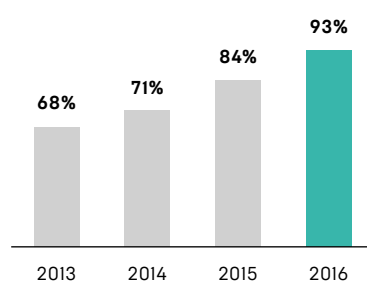
tonnes of steel/person



NLMK's significant efforts to consistently enhance the efficiency of its business and drive employee engagement supported the high growth rate in labour productivity, delivering an increase across NLMK Group of 22% vs. the 2013 level.

PROFESSIONAL DEVELOPMENT OF OUR EMPLOYEES

THE SHARE OF NLMK GROUP'S EMPLOYEES THAT RECEIVED PROFESSIONAL TRAINING

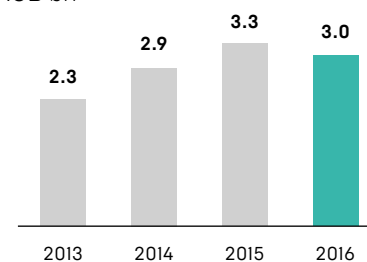


In 2016, NLMK Group was focused on the professional development of its employees. Development of personnel is a prerequisite to the Company's leadership of the industry.

FOCUS ON LOCAL COMMUNITIES

NLMK GROUP'S SOCIAL INVESTMENT AT ITS RUSSIAN OPERATIONS

RUB bn



NLMK's social investments into the development of the regions where it operates were used to promote sport, health, education, culture, children and youth outreach and charitable activities.

NLMK VALUES



“A well-balanced development strategy, highly efficient operations and the professionalism and engagement of our employees in business processes enable NLMK Group to look to the future with confidence.

We’re proud of what we have achieved and fully recognize that our achievements were made possible thanks to the contribution of our international team, united by the common goal of leadership for NLMK Group.”

OLEG BAGRIN,
President and CEO of NLMK Group
(Chairman of the Management Board)

RESPONSIBLE LEADERSHIP

Responsible leadership is at the heart of NLMK Group’s values. We are a team of professionals sharing these values and using them as guidelines in what we do.

We understand the concept of responsible leadership as:

Continuous improvement of processes

Continuous improvement of processes and technologies to ensure efficient production of steel products that help improve the quality of life.

Protecting the health and safety of our employees

Unwavering commitment to protecting the health and safety of our employees and contractors; and ensuring favourable working conditions that allow our employees to fulfil their potential for professional and personal growth.

Efficient use of resources

Efficient use of resources and the pursuit of best available environmental and energy efficiency standards, with which we also expect our partners to comply.

Helping customers secure leadership

Production of unique premium quality steel products; and development of engineering solutions that help keep our customers on the cutting edge of innovation and lead in their markets.

Ensuring equal opportunities for employees

Ensuring equal opportunities for professional and personal growth of our employees, motivating initiative and innovation.

Active approach to social responsibility

Active approach to social responsibility; and care for cultural legacy in the regions where we operate.

HUMAN RIGHTS PROTECTION

NLMK Group makes the greatest possible effort to ensure the protection of human rights.

NLMK ensures a socially responsible attitude towards its more than 54,000 employees across three continents. The Company guarantees that the labour of its employees is not forced or compulsory and that each employee receives commensurate compensation.

NLMK Group does not tolerate any form or manifestation of human rights violations in its operational, financial or other activities, including interaction with stakeholders. Our corporate policy calls for all employees of the Group to comply with internationally recognized principles and norms, as well as international agreements of the Russian Federation and other countries where NLMK Group operates, as applicable under the labour laws of any

country and irrespective of its business practices.

Our approach to human rights protection is derived from established UN guidelines, including UN Human Rights Norms for Business, UN Global Compact and ILO Conventions, and from ISO 26000 Guidance on Social Responsibility and prevailing legislation in the countries where NLMK Group operates.

NLMK'S FUNDAMENTAL PRINCIPLES OF HUMAN RIGHTS PROTECTION:

➤ PROHIBITION OF FORCED LABOUR:

The Company prohibits forced labour, prison labour and military labour, slavery and human trafficking. All types of labour in the Company are purely voluntary.

➤ PROHIBITION OF CHILD LABOUR:

The Company only signs employment contracts with people who satisfy the minimum age requirements set out in the prevailing legislation. The Company would not resort to using child labour.

➤ RESPECT FOR THE RIGHT TO A MINIMUM WAGE:

The Company sets remunerations in accordance with the applicable statutory provisions on remuneration, in particular those that establish the minimum wage, acceptable working hours and compensation for overtime.

➤ PROHIBITION OF DISCRIMINATION:

The Company's employees are free from any form of harassment and unlawful discrimination, irrespective of their race, colour, religion, ethnicity, gender, age, family status or any other status protected by the legislation of the countries where the Company operates.

➤ PROMOTING FREEDOM OF ASSOCIATION AND THE RIGHT FOR COLLECTIVE BARGAINING:

The Company does not limit the freedom of its employees for establishing associations to promote their interests among shareholders. The Company builds its relations with the employees on social partnership principles, direct dialogue being an integral part of this.

SUSTAINABLE DEVELOPMENT PRIORITIES

NLMK'S SUSTAINABLE DEVELOPMENT PRIORITIES:

- INCREASING
OPERATIONAL EFFICIENCY
- OCCUPATIONAL HEALTH
AND SAFETY
- MINIMIZING
ENVIRONMENTAL
FOOTPRINT
- ENERGY EFFICIENCY
- PERSONNEL
DEVELOPMENT
- DEVELOPING LOCAL
COMMUNITIES

NLMK views its social mission as the achievement of sustainable development goals as this meets the long-term economic interests of the business, contributes to community welfare and conservation of the environment, and observance of human rights in the regions of its operation.

SUSTAINABLE DEVELOPMENT AS THE BEDROCK FOR BUSINESS SUCCESS

Increasing operational efficiency

is an important part of Strategy 2017 and means, among other things, a reduction in the consumption of particular resources through the introduction of advanced technologies and advanced recycling.

practices, efficient risk management and by motivating and actively involving its employees in OHS programmes.

Minimizing environmental footprint

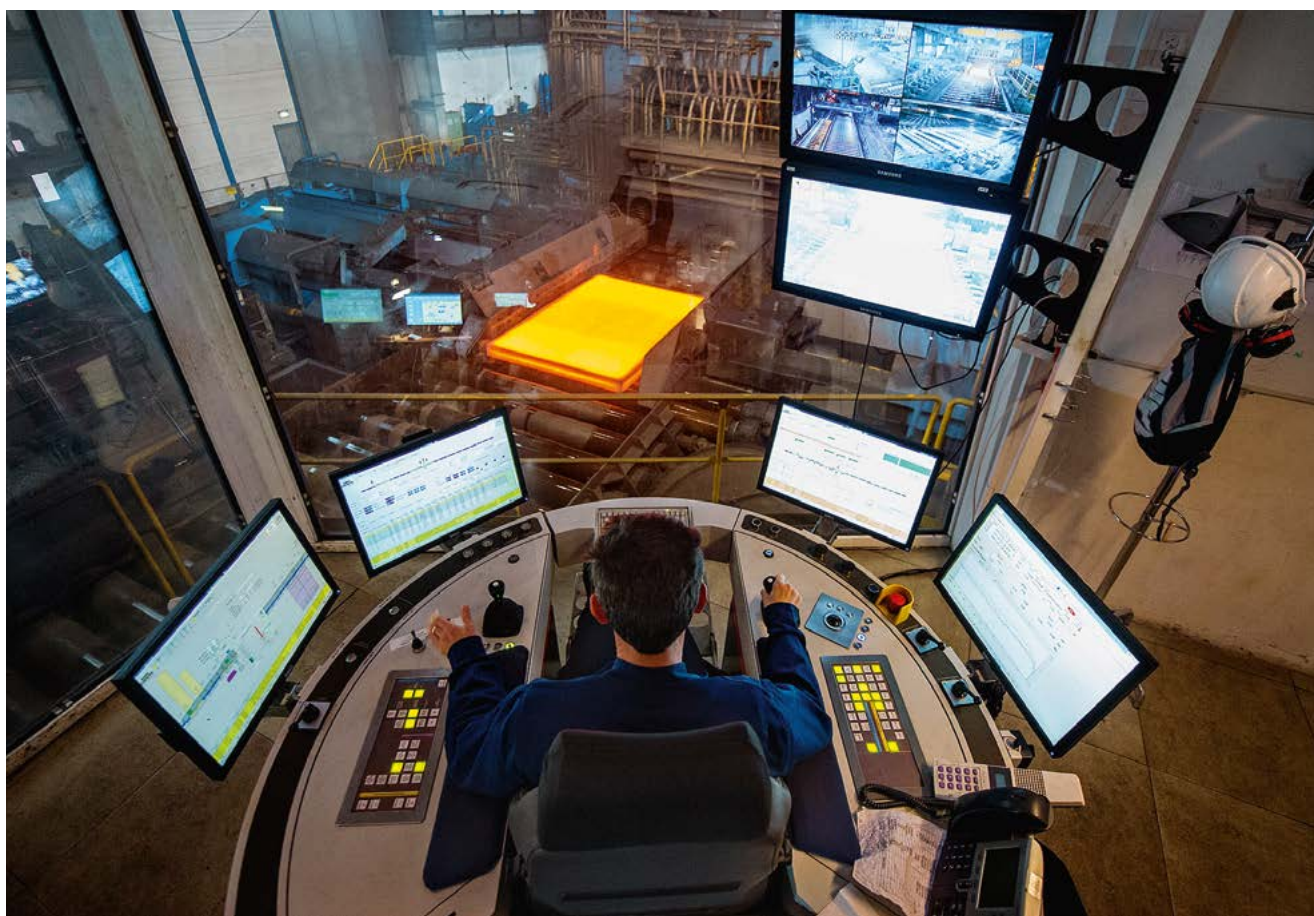
is one of the keys to the success of Strategy 2017. Minimizing the negative impact NLMK Group facilities have on the environment is achieved through planned environmental and technological initiatives that are both part of and beyond NLMK Group's investment programme.

Occupational health and safety

The Company operates production facilities which are potentially hazardous and takes responsibility for the welfare of its employees. The Company is striving to achieve global leadership in occupational health and safety among steel companies through the use of advanced OHS

Increasing energy efficiency

is one of NLMK Group's strategic priorities, aimed at decreasing



the amount of energy resources purchased and growing captive energy generation through utilizing by-product gases.

Development of its employees

NLMK sees investment into the development of its employees as a prerequisite for the Company's long-term competitiveness, dynamic development, the increased potential of human capital; and, ultimately, an increased fundamental value of the Group as a whole. High-quality professional training provides the standard of employee qualification necessary to overcome professional challenges. It also increases employee loyalty, forms a favourable social and psychological climate in the workplace and has

a direct impact on the development of NLMK's corporate culture.

Improving the quality of life

for people that live in the regions in which the Company operates is one of NLMK's key social responsibility goals. The Company works with local communities, and the authorities at different levels, to strive to create new opportunities for using cutting-edge mechanisms for development of the regions where NLMK operates and resolve pressing social issues.

Safety

in the broadest sense is one of the key values of NLMK corporate culture:

- We provide safe working conditions and improve occupational safety;
- We take care of the health of employees and residents of the regions where we operate;
- We increase the environmental safety of our operations;
- We monitor the quality of our products to ensure our customers' safety;
- We do our best to protect human rights;
- We increase social security and create confidence in the future.

DIALOGUE WITH STAKEHOLDERS





**MUTUALLY BENEFICIAL
COOPERATION IN
AN EFFORT TO BALANCE
BUSINESS PRIORITIES
WITH THE INTERESTS
OF A BROAD SPECTRUM
OF STAKEHOLDERS
PROVIDES THE BASIS
FOR DIALOGUE.**

STAKEHOLDER ENGAGEMENT

Active stakeholder engagement is a key factor in the sustainable development and long-term industry leadership of NLMK Group. Mutual trust, respect, transparency, responsibility, partnership and predictability are the underlying principles of efficient dialogue between the Company and its stakeholders.

NLMK Group's management understands that the Company can achieve its full potential only through mutually beneficial cooperation with all stakeholders. At the same time, NLMK makes an effort to balance its business development priorities with the interests of a broad spectrum of stakeholders, from the Company's employees to regulatory bodies.

General guidelines on the Company's relations with stakeholders are laid out in its Corporate Governance Code, Corporate Ethics Code, Anticorruption Policy, Supplier Code of Conduct and other corporate documents.

In identifying key stakeholders, the Company considered the extent of their influence over NLMK Group's operations. This approach generated the following list of stakeholders: shareholders and investors, Company employees, customers and suppliers, government regulators and supervisors, trade unions, public organizations and local communities in the regions where the Company operates, including potential employees and various public organizations.

STAKEHOLDER'S INTERESTS	TOOLS FOR BILATERAL DIALOGUE	FEEDBACK	EXTENT OF INFLUENCE
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SHAREHOLDERS AND INVESTORS

Operational and financial performance, Company strategy, dividend payments, corporate governance issues, number of ordinary NLMK shares floating freely on Russian stock exchanges; number of Global Depositary Shares issued by NLMK and traded at the London Stock Exchange	Shareholder meetings, annual Capital Markets Days, participation by NLMK top-managers in industry conferences and meetings with the investment community and shareholders, site visits, annual reports, financial releases and trading updates, media publications, Company website	Dedicated services for shareholder and investor relations, dedicated section for shareholders and investors on the Company website	Stakeholder → Company: High Company → stakeholder: High
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COMPANY EMPLOYEES

Salary, social package and social guarantees, self-fulfilment and career growth, professional training and development, safety and favourable working conditions	Corporate online portal, opinion polls, Dial 06 counselling service, union meetings, appointments to discuss personal issues, change-of-shift meetings, corporate media	Salary indexation, social package development, swift response to applications, employees' ideas put to practice, possibilities for further career and personal development, improvements in working conditions	Stakeholder → Company: High Company → stakeholder: High
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CONSUMERS

Fulfilment of contractual obligations, product quality and price, timely review and settlement of customer complaints and claims, anticorruption measures, product mix expansion, technical upgrades and development, operational and financial performance, risks management	Corporate guidelines on business-partners interaction, annual reports and financial statements, conferences, forums, business meetings, Russian and international professional associations and organizations, media publications, Company website	A dedicated client service, NLMK Sales call centre, use of customer satisfaction monitoring results for future contracts, NLMK products website	Stakeholder → Company: High Company → stakeholder: Average
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SUPPLIERS

Possibility of long-term cooperation, fulfilment of contractual obligations, timely review and settlement of supplier complaints and claims of customers, operational and financial statements of the Company	Annual reports and financial statements, conferences, forums, business meetings, Russian and international professional associations and organizations, media publications, Company website	Unified principles for suppliers relations (Supplier Code of Conduct), open tenders, active procurement management system, contact information for procurement department on the Company website	Stakeholder → Company: Average Company → stakeholder: High
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STAKEHOLDER'S INTERESTS	TOOLS FOR BILATERAL DIALOGUE	FEEDBACK	EXTENT OF INFLUENCE
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GOVERNMENT AUTHORITIES

Compliance with applicable laws, tax liabilities, regional social and economic development, environmental protection	Participation in the work of state authorities including legislative bodies, participation in international and Russian professional and public organizations, meetings, dialogue with the media	A dedicated service for communication with representatives of state and local authorities, Company participation in different federal and regional programmes	Stakeholder → Company: High Company → stakeholder: Average
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TRADE UNIONS

Compliance with sectoral tariff agreement, compliance with collective agreements, observance of employment legislation, awareness of the Company's operations, employee salary level and social protection, working conditions and occupational safety	Meetings and negotiations, discussion and conclusion of collective agreements, labour dispute commissions, Joint Commission involving administration and union, social insurance commission, occupational safety commission, qualification and staff review commissions	Strict application of all social benefits and guarantees specified in collective agreements, joint implementation of measures, response to applications, following unions' recommendations	Stakeholder → Company: Average Company → stakeholder: Average
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LOCAL COMMUNITIES

Regional social and economic development, the environment, public health, funding of charity programmes, awareness of Company operations, reliability and transparency of information, job opportunities offered by the Company	Media, representatives of public organizations, members of representative and legislative bodies at different levels, career guidance events, conferences, meetings	Investments in the development of the regions where the Company operates, including funding to support sports, healthcare, education and culture, financing child healthcare programmes and projects to promote a healthy lifestyle, charitable aid to disadvantaged social groups	Stakeholder → Company: Low Company → stakeholder: Average
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PUBLIC ORGANIZATIONS

Compliance with applicable laws, the environment, regional social and economic development, charitable activities	Conferences, clubs, meetings and other events, media, letters, Company website	Handling of all issues, participation in the implementation of joint projects	Stakeholder → Company: Low Company → stakeholder: Low
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ACTIVE DIALOGUE WITH KEY STAKEHOLDERS

Transparency boosts reputation



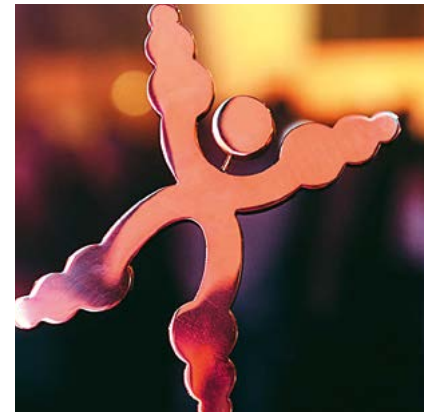
**2016 PLATTS
GLOBAL METALS
AWARDS WINNER**

In 2016, NLMK Group was announced as winner of the *Industry Leadership Awards — Steel*. The awards programme was hosted by leading international periodical S&P Global Platts, which provides analytical information on commodities and energy markets. International recognition of NLMK Group's leadership is based on the achievements of the Company as covered in the media and published on the Company's website for its stakeholders, including the judges of S&P Global Platts.

Granting access to information and providing full disclosure are underlying factors in a positive corporate image. NLMK Group uses all communications media to provide on-stream status updates on its activities, including press releases, management interviews, press service comments, press tours and conferences and publications in social media and multimedia sources. The Company has become more active in using photo stories and corporate videos as a means of communication.

In 2016, NLMK Group shot 90 corporate advertising and information videos available at NLMK's YouTube channel (nlmkonair) and on the Company's websites. For the first time in its history, NLMK Group received a Silver Dolphin award in the Integrated Communications nomination for its communication campaign organized in support of 'Fusion', NLMK's new corporate film at the prestigious Cannes Corporate Media & TV Awards 2016 international festival.

In 2016, about 3,000 photos and dozens of videos of NLMK Group were uploaded to a public resource at media.nlmk.com, which has proved a convenient multimedia tool not only for the media, but also for Company employees and anyone wishing to learn more about NLMK's operations.



NLMK Group continued to update and improve its online corporate resources system, which is a convenient and informative source of official information about the Company and its subsidiaries. In early 2016, NLMK Group launched its new corporate website at www.nlmk.com, which is a one-stop shop representing all subsidiaries. A single point of corporate contact was highly appreciated by the professional community, and the site won the 'Industrial or Fuel & Energy Company Website' nomination at the Golden Site awards, the biggest and longest-running competition for Russian internet projects.



The most important event for NLMK Group in 2016 was the grand opening of its pelletizing plant at Stoilensky, which was attended by the Russian Prime Minister Dmitry Medvedev. The key investment project of NLMK Group's Strategy 2017 has been recognized as 2016 Event of the Year in the Russian steel industry at the Metal-Expo'2016 international exhibition.

KONSTANTIN LAGUTIN,
NLMK Group Vice President,
Investment Projects, at the Event of the Year
in the Russian Steel Industry award ceremony



centres; the answers to which were published in corporate media. Some feedback prompted functional audits resulting in decisions which improved the performance of certain departments or reworked certain processes.

**NLMK GROUP IS
AN INTERNATIONAL COMPANY THAT
UNITES MORE THAN 20 FACILITIES
IN SEVEN COUNTRIES.**

CORPORATE COMMUNICATIONS

NLMK Group continues developing an effective internal communications system that covers all production sites and encompasses several advanced communication channels:

- Extensive feedback network, including helplines and trust mailboxes, SMS feedback centres, Q&A service on the corporate portal, letters to the editors of NLMK Group's corporate magazines and newspapers;
- Corporate-wide intranet, which in late 2016 became available to all employees of NLMK Group's Russian facilities due to the release of its mobile version;
- 5 corporate newspapers issued by NLMK Group's Russian companies, published in a new format, providing group-wide and local news;
- NLMK Group corporate magazine, which was updated to a theme-oriented showcase format and is now published in three languages: Russian, English, and French;
- Newsletters at NLMK Europe companies;
- NLMK-TV with stories streamed not only to the intranet, but also in pilot mode on the TV screens of NLMK Group's Moscow office.

In 2016, the Group's internal communications continued the upward trend in employee generated informational content. Employees created around 10% of the news material on the corporate intranet portal. They also left more than 1,000 comments on the news and sent more than 200 messages to SMS feedback

One of the most important tasks of internal communications is to unite employees from different countries and enterprises around common and understandable goals and values. This is facilitated by information campaigns, in which employees get to know each other, and their colleagues; and talk about themselves and their enterprises. One such project in 2016 was the #teamNLMK international video greeting competition. More than 400 employees of the Group from across different countries recorded 124 videos for this competition, which generated overall more than 50,000 views on the corporate portal, social networks, and the Company's YouTube channel. As a follow-up to the initiative, a special website – people.nlmk.com – was launched, where NLMK Group's employees can talk about their work. This campaign was honoured at



RECOGNITION

TOP 10

BEST CORPORATE IR IN METALS
& MINING IN EUROPE
BY EXTEL — 2016

TOP 10

BEST IRO IN RUSSIA
BY EXTEL — 2016

TOP 3

BEST INVESTOR RELATIONS —
INSTITUTIONAL INVESTOR
ALL-EUROPE EXECUTIVES TEAM
2017 (METALS AND MINING)

the prestigious Cannes Corporate
Media & TV Awards 2016.

In 2017, the Company will continue to
be guided by best global information
transparency practices, developing its
internal and external communication
channels, which play an important
role in improving employee awareness,
motivation and loyalty.

NLMK'S DIALOGUE WITH INVESTORS AND ANALYSTS

Openness and transparency are at the
core of NLMK's information policy.
This approach helps us maintain a high
level of trust between NLMK and all its
stakeholders.

The company uses a variety of
effective methods of interaction to
keep in touch with the investment and
analytical communities, from regular
disclosure of financial and operational
performance to arrangement of
personal meetings between
the Company management and
the Company's partners and potential
investors.

Capital Markets Day

On 24 March 2016, NLMK Group
held a conference call with the key
managers of the Company who
commented on NLMK's 2015 IFRS
results, gave an update on the
execution of Strategy 2017 and held
a Q&A session with the investment
community.

→ For more detailed information please visit
[Investor Relations](#) [Capital Markets Day on](#)
[NLMK's corporate website \(www.nlmk.com\)](#)



WHETHER NLMK IS PURSUING THE RIGHT STRATEGY (SELLSIDE)

YES	100%
UNCERTAIN	0%
NO	0%

We think the company follows a pretty
clear and reasonable strategy. We think
next spring they will update us with a new
5-year strategy and we are really looking
forward to that.

Disclosure of operating and financial performance

In the interests of keeping its investors
continuously informed, NLMK
publishes its operating and financial
performance data each quarter.

INFORMATION TRANSPARENCY BUILDS A POSITIVE IMAGE

Reports on the Company's operating
results include overviews of industry
trends, the current situation in the
steel and mineral markets, and
forecasts for the near future.

The Group discloses its consolidated
financial results and reports under
IFRS.

→ For more detailed information please visit
[Investor Relations](#) [Reporting Center](#)
[on NLMK's corporate website](#)
[\(www.nlmk.com\)](#)

Site visits

For those who wish to get a deeper
insight into our business model and
steel production process, we annually
organize visits to production sites
where guests can see the key
production facilities and talk with
the management.

In 2016, the Group held three visits
to its key production sites. For
the schedule of upcoming tours,
please contact our Investor Relations
team (st@nlmk.com).

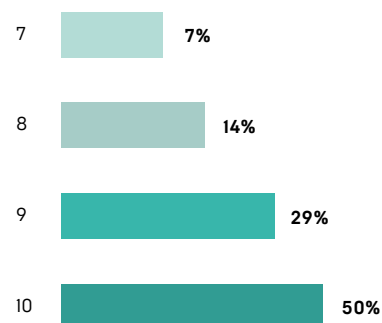
“So whatever happens with supply and demand, they can generate cash.”

“They also have very efficient assets. Management is doing a great job extracting maximum amount of resources. It is actually better than what their investment peers can achieve, very impressive. I have visited their mines and plants, and the employees seem motivated and

into the efficiency programs, and see the importance. I also like the managers I have met.”

A quote from Annual NLMK Investor Perception Study

QUALITY OF MEETINGS WITH NLMK IR DEPARTMENT ON A SCALE FROM 1 TO 10



Top management participation in industry-related and analytical events, and meetings with investors

In 2016, the Company's key figures and investor relations managers attended a number of industry conferences and events held in Russia, the UK, the USA and continental Europe. These events featured over 450 group and face-to-face meetings with investors where a wide range of issues were discussed, including industry trends, execution of Strategy 2017 and NLMK's achievements.

A VISIT TO PRODUCTION SITES:

In July 2016, a group of analysts and investors visited the production facilities at NLMK Lipetsk and Stoilensky, including the construction site of the Pelletizing Plant. During the visit, they had several meetings with NLMK's key management and discussed features of NLMK's production technology, recent performance and prospects for the Company's further development.

OUR EMPLOYEES



KEY HIGHLIGHTS

Our people are our greatest asset

Professionalism and employee engagement allows the Company to achieve a leading position in the industry.

HR policy is a key element of NLMK's Production System

The main objective of HR policy is to develop and support the specialists at Group companies.

NLMK's HR Strategy in place since 2015

An action plan was developed to achieve Strategy goals, with execution of plan and progress toward goals monitored annually.

Our team is our greatest asset, and our highly-qualified engaged employees are a key factor in delivering strong performance. NLMK's single team of more than 54,000 professionals makes the world a better place and creates a new future.

NLMK's HR POLICY

The main goal of NLMK's HR policy is to develop and manage talent effectively, building a cohesive team capable of delivering success and consistent growth.

The main principle of NLMK's HR policy is the effective interaction between the three elements of individual, company and HR service. This principle calls for the engagement of qualified, motivated and loyal employees in the production processes at NLMK Group's sites, which in turn become the employer benchmark, providing their employees with ample opportunities for professional development, ensuring competitive performance-based remuneration scheme, self-fulfilment, social security and comfortable leisure for their family members, with the active support and involvement of HR.

At the same time, HR employees position themselves as the best in everything they do and support the business, providing qualified motivated personnel to perform well in their roles while preserving the Company's corporate culture.

NLMK's HR policy is an important part of its Production System because the Company's efficiency and sustainable development are determined by the professionalism, commitment and engagement of employees, and their desire to develop.

At present, NLMK's HR policy is based on four strategic projects that focus on the Company's key personnel development areas.

2017 PROJECTS – KEY ELEMENTS:

1 TALENT MANAGEMENT

Effective development of the employees' professional competencies. The underlying idea is **"The right people in the right place and at the right time"**

2 MOTIVATION

Aligning remuneration principles across the Group. The underlying idea is **"Remuneration for work based on performance with a unified procedure for all"**

3 STRUCTURE AND PROCESS OPTIMIZATION

Aligning organizational structure and personnel management principles across the Group. The underlying idea is **"Efficient utilization of human resources in pursuit of high labour productivity"**

4 EMPLOYEE ENGAGEMENT

Promote employee engagement in all areas of the Company's activities. The underlying idea is **"Common goals for employees and the Company"**

HR policy KPI

NLMK Group's HR policy was approved in 2015; it sets out the following goals for the HR department of NLMK Group:

- Build a management team for the purpose of transition to a divisional process-based management structure;
- Introduce uniform quality standards for HR procedures across the Group;
- Follow up on operational efficiency projects both within the HR service itself and in other functional areas, including business processes optimization.

An action plan was developed in order to achieve these goals, performance of which is monitored every year.

Almost all the targets set for 2016 for HR service development and personnel management were met. Below is a list of the most important ones.

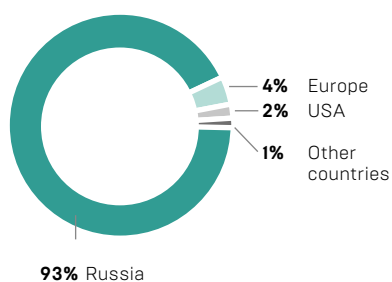
TARGET	ACTUAL VALUE	STATUS
Develop target HR structure	As a result of the HR service audit, NLMK Group's target HR structure was developed and a transaction centre was established	100%
HR Business Partnership function established	HR Business Partnership function has been established, enabling the provision of a seamless service for customers, the development of a customer management service, segmentation and marketing approach to personnel management (meeting the needs of particular groups of customers), and customization of analytics and services between the centres of expertise and customers.	100%
Competency development and staff assessment	A center of expertise has been established, the competency developed and the service launched. The regulations and standard project charter have been approved. Competency profiles are under development and assessment of the compliance with competency profiles is underway as per the schedule.	100%
105 employees of the Group per 1 HR employee	110	100%
Achieve target coverage of the MBO system (management by objectives) of at least 1,300 employees	1,487	100%
75% share of appointments from within the talent pool	76%	100%



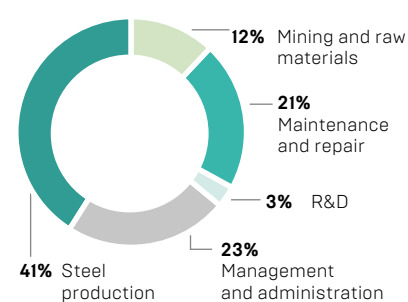
Some 2017 objectives of the Group's HR policy at corporate level:

- Full coverage of all functional areas by business partners;
- Introduce new HR IT systems and automation of HR processes;
- Implement at least 38 projects for the development and evaluation of professional competencies;
- Achieve target coverage of the MBO system of at least 3,500 employees;
- 15% of staff covered by the performance appraisal system;
- Establish a Materials laboratory at the Support centre for gifted children.

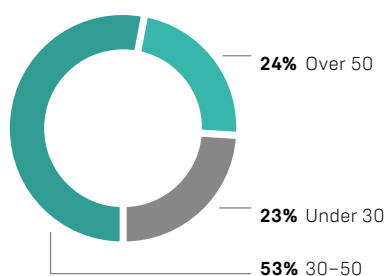
PERSONNEL BREAKDOWN BY GEOGRAPHY OF OPERATIONS



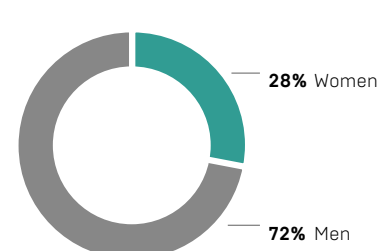
PERSONNEL BREAKDOWN BY FUNCTION



PERSONNEL BREAKDOWN BY AGE

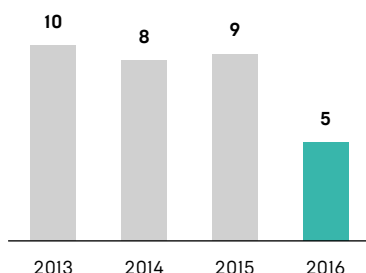


PERSONNEL BREAKDOWN BY GENDER

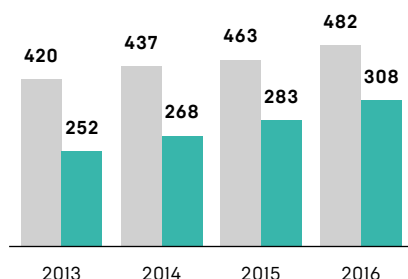


EMPLOYEE TURNOVER

%

**LABOUR PRODUCTIVITY**

t of steel/person

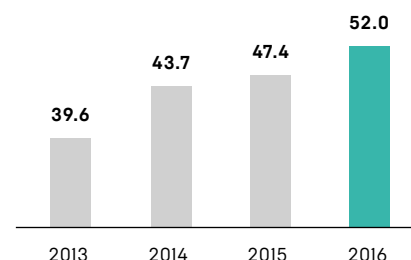


■ NLMK Lipetsk

■ NLMK Group

**AVERAGE MONTHLY SALARY
AT THE RUSSIAN PLANTS**

'000 rubles/person

**Our employees**

NLMK Group headcount during 2016 was 54,000 people (-4% year-on-year), of which 50,600 people were employed at Russian sites, 2,100 people were employed at NLMK's European divisions, around 1,000 people were employed at NLMK USA, and around 300 people were employed in other countries where NLMK Group assets are located, including India, China, etc.

Over 51% of NLMK Group personnel are directly involved in the mining and steel production process, whilst 21% are involved in repair and maintenances; and approximately

3% are involved in research and innovative development. The remaining 23% are administrative and management personnel, including services.

NLMK has an active HR policy aimed at attracting prospective young workers from both colleges and universities and among those that have completed their service in the armed forces of Russia. As a result, the Company hires over 1,000 young qualified workers each year that later form the Company's pool of professional talent, future managers and experts.

NLMK Group has no gender limitations.

**IN 2016, THE TURNOVER RATE
FOR NLMK GROUP FELL TO
AN ALL-TIME LOW OF 5%.**

The key goal of NLMK Group's HR policy is to develop and retain skilled professionals in the Group's companies. The significant efforts the Group makes in this area mean its companies are preferred employers in the markets where they operate, which has a positive impact on turnover rates: our employees have become increasingly loyal, while working for NLMK has become increasingly prestigious.

Labour productivity

NLMK consistently enhances the efficiency of its business by increasing the level of motivation and professionalism of its employees; through equipment upgrades; by implementing new technologies; and rationalizing production processes.

NLMK continues to develop: the strategic target for the next few years is to further increase labour productivity through, first of all, the development of NLMK Production System and process optimization initiatives with active involvement of personnel in the process. Continuous development and efficiency improvement has become the cornerstone of NLMK's corporate culture.

Structure and functionality optimization

Our optimization projects and restructuring efforts enabled us to downsize by 900 full-time employees. In addition to downsizing, 130 new jobs were created in 2016 linked to the launch





of the Pelletizing Plant, our new facility at Stoilensky. During the transition to a divisional process-based management structure, some employees were transferred from the plants to the Group's service companies, including NLMK Accounting Centre.

Personnel motivation

Personnel motivation is one of the topmost priorities stated in NLMK Group's HR policy.

Our motivation system helps us improve the quality of work and encourage every employee to contribute more to the common cause. NLMK Group uses several motivation systems based

on fair financial motivation for high performance.

The most effective technique currently employed by NLMK Group is result-oriented motivation, in which employee performance is measured with the help of key performance indicators (KPIs). By identifying KPIs for senior management and cascading them throughout the organization we can greatly improve

1,700 NLMK
GROUP
EMPLOYEES
RECEIVED
AWARDS IN 2016,
INCLUDING:

1,492

CORPORATE
AWARDS

1

PRESIDENTIAL
AWARD

57

INDUSTRY
AWARDS

1

EMERCOM
AWARD

57

REGIONAL
AWARDS

3

PRIME-MINISTER'S
AWARDS

29

CITY
AWARDS

24

STATE
AWARDS



YOUNG LEADER CONTEST

The Company established the *Young Leader* contest in 2005. More than 7,000 young employees from across NLMK Group companies have since participated in the contest. The project develops a pro-active attitude among young employees, which forms efficient and professional staff that display strong initiative.

The contest traditionally has three stages: qualifying, the main stage and the final stage. In 2016, Occupational Safety was the key topic throughout the stages of the contest.



labour efficiency and productivity across the Group. This principle serves as the basis for management by objectives (MBO), a system actively implemented across all NLMK Group companies in 2016. At year-end 2016, almost 1,500 Company's employees were transferred the MBO system.

Seeking to protect our employees from inflation, we index wages to keep up with the increase in price levels each quarter. The average monthly salary at NLMK Group companies increased by about 10% year-on-year in 2016, reaching 52,000 rubles at the Russian plants.

We also offer a number of non-financial incentives: badges or certificates of appreciation for employees who performed exceptionally well; stories about the best employees in the corporate newspaper; their portraits on the Recognition Board; and management talent pool opportunities for successful and talented employees.

Alongside the principle of fair pay for the workforce, NLMK employs a number of intangible rewards: psychological motivation, ample opportunity for career development and self-fulfilment, plus various incentives for outstanding results and initiatives and other tools.

Contests and competitions are important elements of the incentive system. They help increase employee commitment to professional development and provide opportunities for career growth. NLMK Lipetsk alone held 25 skills competitions with over 1,600 participants in 2016.

NLMK Group companies annually hold *Young Leader* contests for young employees to stimulate their personal and professional development.

Social package

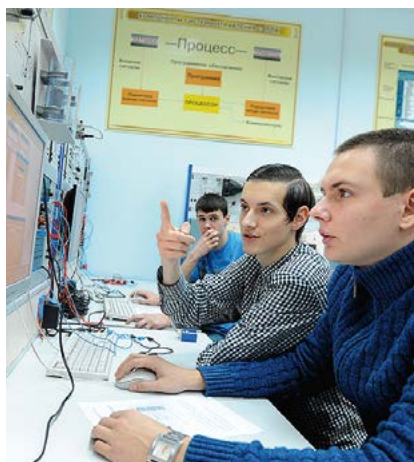
As a responsible employer, NLMK continuously supports its employees by providing benefits.

All NLMK Group employees have access to such social benefits as provisions for employee health and welfare, catering and recreation, occupational health and safety, motherhood and childhood support, support for pensioners and veterans and further social incentives for the best workers as well as a variety of social payments.



Our female employees enjoy additional benefits beyond those required by law: flexible working hours for women with small children and professional training and development programmes following maternity leave.

NLMK Group also implements a comprehensive youth programme to provide additional support to young employees. Graduates of partner colleges and universities are offered a guaranteed average salary and kickoff bonuses upon employment.



NLMK has another good tradition: we give New Year presents to our employees' children and offer discounts on package holidays to children's summer camps.

Health and welfare

The health and welfare of NLMK employees is a priority focus of the Company's social activities. NLMK Group focuses close attention on developing a strong corporate health culture, establishing the conditions for a healthier lifestyle and improving mental and physical health.



NLMK Group runs 3 medical units and over 25 first aid facilities to provide medical support. NLMK employees have the opportunity to make visits to health resorts and spas, both locally at 10 NLMK health resorts and spas, and in other regions of the country.



Healthy lifestyle programmes are aimed at involving as many employees as possible in sports activities; and at popularizing healthy life choices. Employees have the opportunity to use gyms located at NLMK facilities, to get discounts on memberships to swimming pool and fitness centres.

The Company organizes regular sports and cultural events.

Talent development

NLMK sees investment into personnel development as a prerequisite for the Company's long-term competitiveness, dynamic development, an increased potential of its human capital; and, ultimately, the increased fundamental value of the Company as a whole. Professional development of personnel and relevant procedures



is a key element of NLMK's Production System and Strategy 2017.

Professional training provides the level of employee qualification necessary for solving professional challenges. It also increases employee loyalty, forms a favourable social and psychological climate in the workplace and has a direct impact on the development of NLMK's corporate culture.

The primary direction of our talent development efforts focuses on our talent pool of promising employees, performance reviews of managers and line personnel, mandatory knowledge tests for workers (knowledge checks), induction, coaching, leadership initiatives and skills competitions.



RELATED DOCUMENTS:

- [NLMK Group Corporate Magazine, #1 2016, page 28](#)
- [Capital Markets Day, Presentation 2017](#)



The year of 2016 marked the beginning of a new process for NLMK Group: we are assessing our managers and line and administrative personnel to determine whether they meet our job requirements. We look at how they perform their job duties and what personal and professional qualities they demonstrate. Following assessment, we devise individual training plans aimed at improving their performance and develop incentives to encourage them to work more efficiently.

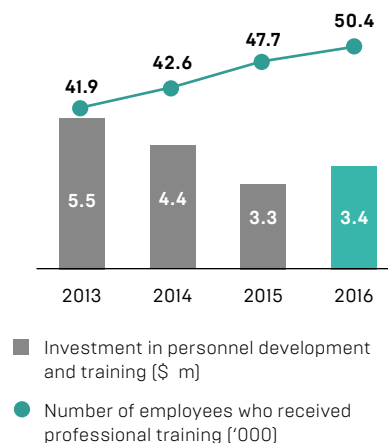
Our talent pool is one of the uppermost priorities of the HR policy. We provide training to employees who are able to perform managerial work to get them ready for specific job openings. The programme includes theory

(seminars and training sessions) and practical training in the prospective position.

NLMK Group has an induction programme that aims at supporting newcomers through the onboarding process and preparing them for their new role.

About 90% of employees are trained in-house, enabling them to benefit from the wealth of knowledge accumulated by NLMK and providing for a more effective training process. Highly qualified managers and specialists as well as professors from leading Russian educational institutions are invited to teach employees.

PERSONNEL TRAINING





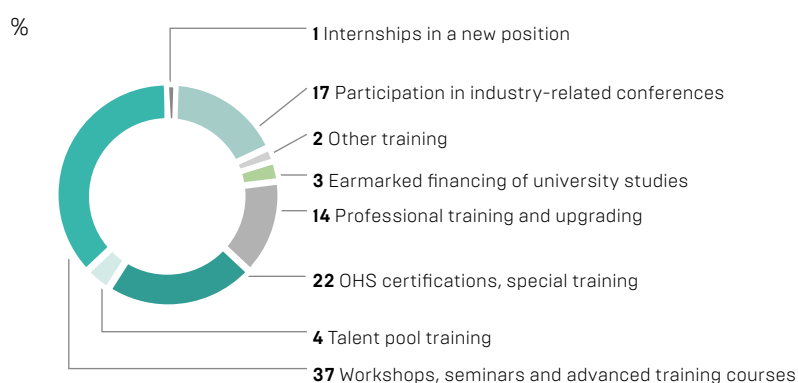
In 2016, NLMK Group spent

\$3.4 million

on professional development of its employees

More than 90% of employees participated in a variety of in-house and external training programmes. The main areas of investment include the development of professional competencies through various trainings, seminars and courses (37% of the total expenses), occupational safety certification and target courses (22%), and participation by NLMK employees in industry-related conferences (17%).

INVESTMENT INTO PROFESSIONAL DEVELOPMENT BY AREA



OCCUPATIONAL HEALTH AND SAFETY

The Company continues to improve its Occupational Health and Safety (OHS) performance, with \$65 m spent in 2016 on OHS initiatives.



KEY HIGHLIGHTS

Occupational health and safety

is an important element of NLMK's Production System. We strive for leadership in OHS and consider it a key part of Strategy 2017.

A number of initiatives were implemented in 2016 to improve occupational safety

All year-end targets used to assess the effectiveness of the Company's occupational safety efforts were met.

A significant reduction in industrial injuries

The Lost Time Injury Frequency Rate (LTIFR) has declined almost three-fold vs. 2013.

OCCUPATIONAL HEALTH AND SAFETY IS REGARDED AS THE CORNERSTONE OF NLMK PRODUCTION SYSTEM, A KEY ELEMENT OF STRATEGY 2017.

The Company aims to be a world leader in occupational health and safety (OHS) among steel companies through applying best available OHS practices, efficient risk management, through provision of incentives and by actively involving employees in the occupational safety programme.

NLMK GROUP'S KEY PRINCIPLES:

- Employees are NLMK's key value; their health and well-being are key to the success of our operation;
- Occupational health and safety is an integral part of our business and the basis for decisions on developing and improving our business processes;
- All accidents, incidents and professional illnesses can and must be prevented;
- Safe operations are the responsibility of each and every employee.

To achieve these goals and implement the OHS principles, NLMK assumes the responsibility to ensure:

- Efficient management of potential risks to the health and safety of our employees, contractors and third parties;
- Strict adherence to Russian and international occupational health and safety requirement;
- Continuous improvement of employee skills in the area of occupational health and safety;
- Transparency of OHS indicators.

Key OHS initiatives in 2016

Organizational changes that have increased the efficiency of occupational safety efforts:

- The position of Vice President for Occupational Health and Safety and the Environment was introduced, with responsibility for implementation and organization of unified OHS processes across the Group;
- OHS management structure of the Group's Russian facilities was reconsidered, updated and standardized;
- Positions of corporate managers in fire safety, labour protection development, occupational safety and ecology were introduced.

Risk management. NLMK Group's divisions continued their efforts to implement the risk management programme, aimed at identifying hazardous production factors, their elimination and efficient management of residual risks. More than 100,000 risks of potential occupational trauma and material damage to the Company's property were eliminated in 2016.

Personnel engagement. The 'In Search of Safety' programme was successfully implemented. It was launched in order to involve employees in the process of risk management by identifying any dangerous conditions or behaviour. The 'Lockout-Tagout' international safety practice was introduced.

Managers' training. NLMK is actively developing advanced training programmes for senior and middle managers aimed at developing the safety culture and occupational safety management skills.

OHS costs

The Company actively invests in projects aimed at continuous improvement of its OHS practices, industrial and fire safety, elimination or reduction of risks and improvement of working conditions for employees. Capex and operational expenditure on these aims at NLMK Group's Russian facilities in 2016 amounted to more than 4.35 billion rubles (\$65 million).

NLMK Group's occupational injury statistics

NLMK Group achieved a significant reduction in occupational injury rates in 2016 year-on-year:

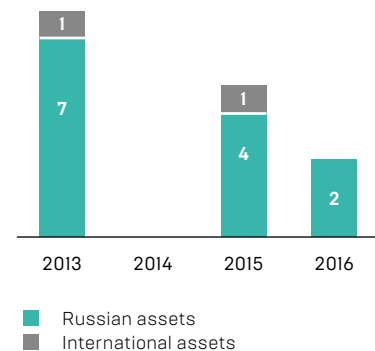
- The total number of lost time injuries dropped by 30%;
- The number of work days lost due to work related accidents fell by 10%;
- Lost time injury frequency rate (LTIFR per 1,000,000 hours worked) among employees was down to:
 - NLMK Group — 0.82 (-27% yoy);
 - NLMK's Russian assets — 0.34 (-21% yoy).

Eight NLMK Group companies had no lost time injuries at all in 2016, of which Altai-Koks, NLMK Metalware and NLMK Lipetsk were able to pass a two-year milestone without lost-time injuries.

In 2016, NLMK Lipetsk achieved an all-time low lost time injury frequency rate among its Russian peers and in its 82-year history, with an LTIFR of 0.03 injuries per 1,000,000 man-hours worked.

Regrettably, we were not able to avoid two work-related fatalities in 2016.

WORK-RELATED FATALITIES IN NLMK GROUP



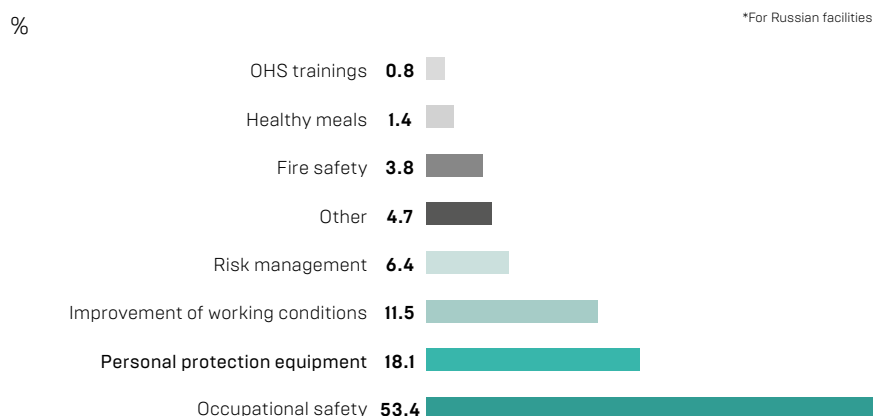
REDUCTION IN LTIFR



Target OHS KPI

The efficiency of our OHS efforts is measured with the help of KPIs. An overview of some of our OHS targets for 2016 is presented in the table.

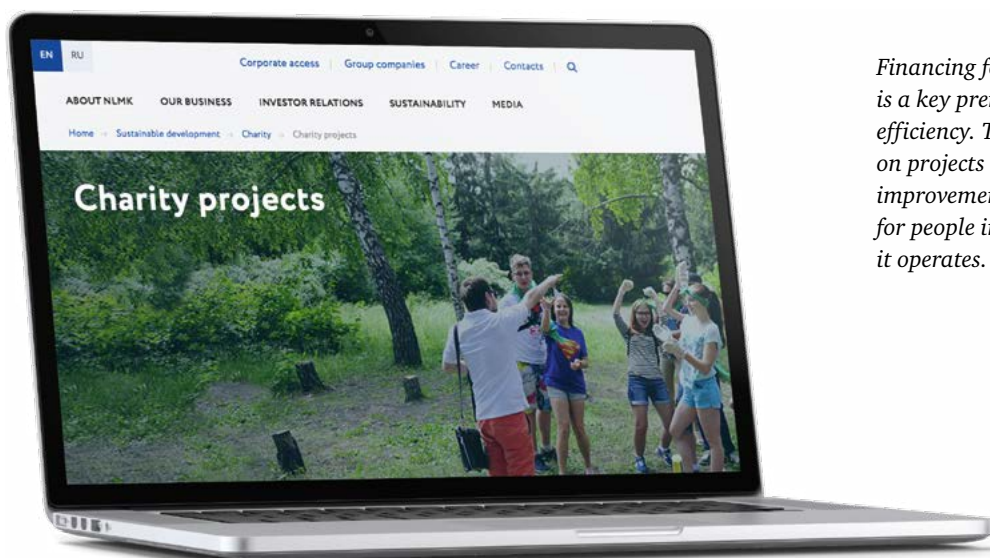
BREAKDOWN OF OHS COSTS RUB 4.35 BN IN 2016*



KEY CORPORATE SOCIAL RESPONSIBILITY ASPECTS

Occupational health and safety

TARGETS FOR 2016	PERFORMANCE IN 2016	PROGRESS	TARGETS FOR 2017
Keeping lost time injury frequency rate (LTIFR) at NLMK Group's Russian companies below or equal to 0.60	The lost time injury frequency rate (LTIFR) at NLMK Group's Russian companies decreased by 21% yoy to 0.34	100%	Keeping lost time injury frequency rate (LTIFR) at NLMK Group's Russian companies below or equal to 0.60
Reducing lost time injury frequency rate (LTIFR) at NLMK Group's international companies by 10% from 2015	The lost time injury frequency rate (LTIFR) at NLMK Group's international companies decreased by 34% to 7.71	230%	Reducing lost time injury frequency rate (LTIFR) at NLMK Group's international companies by 10% from 2016
Perform an initial audit of the Group's enterprises to identify OHS hazards as part of the Risk Management programme	The initial audit of the Group's enterprises was performed to identify OHS hazards as part of the Risk Management programme. More than 100,000 hazards were identified	100%	Ensure NLMK Group's LTIFR does not exceed 1.00
Eliminating or reducing no less than 50% of unacceptable risks identified in 2016 that were also revealed in 2015	69% of identified unacceptable risks eliminated or reduced	138%	Eliminating or reducing no less than 50% of unacceptable risks identified in 2017 that were also revealed in 2016
Ensure that no less than 20% of employees are involved in the 'In Search of Safety' programme	More than 20,000 people were involved	210%	
Implementation of best OHS practices	A number of best OHS practices implemented, including the development and introduction of OHS maturity assessment system and and other initiatives	100%	Continue the implementation of best OHS practices



Financing for social programmes is a key prerequisite of their efficiency. The Company is focused on projects that ensure tangible improvement of the quality of life for people in the regions in which it operates.

STRATEGY 2017 TARGET INDICATORS

- SOCIAL RESPONSIBILITY MISSION AND STRATEGIC OBJECTIVES
- IMPROVING THE SOCIAL ENVIRONMENT
- NLMK GROUP'S INVESTMENTS IN THE REGIONS IN WHICH IT OPERATES
- PROMOTION OF SPORT AND HEALTHCARE
- PROMOTION OF EDUCATION AND SCIENCE
- WORK WITH CHILDREN AND YOUNG PEOPLE
- CHARITABLE ACTIVITIES

COMMUNITY DEVELOPMENT

Social responsibility mission and strategic objectives

As a socially responsible company, NLMK Group assumes its duty to ensure the observance of international and national law, as well as to satisfy the social needs of its workers, the local communities in the regions where the Company operates, and of society as a whole.

The Company sees its social mission as achieving sustainability goals which meet the long-term economic interests of the business, contribute to community welfare, along with conservation of the environment and the observance of human rights within the territories of operation.

KEY CORPORATE RESPONSIBILITY GOALS:

- Build relationships with employees based on the best practices of social partnership, ensuring equal social guarantees and creating equal opportunities for high-performance work, professional growth and unlocking each employee's creative potential;
- Support the efforts of state authorities, local governments, and civil society aimed at social and economic development of the region; as well as to initiate the Company's own social programmes and projects, participate in the

KEY FACTS AND FIGURES

As a socially responsible Company, NLMK invests in development of the regions and local communities of operations

Improving the quality of life for residents of regions in which the Company operates is a key social responsibility goal of the Group.

NLMK consistently finances and implements programmes promoting education, healthcare, culture and sport

NLMK Group's investment in social development of the regions of its Russian facilities totalled \$44 million in 2016.

NLMK also involved in charity work in the regions where it operates

NLMK finances a range of charitable programmes, both through charitable organizations established by the Company and direct financial contributions.

development and implementation of social programmes and projects within the scope of public-private or community-private partnerships;

- Improve the quality of management in the Company's social sphere, to enhance the efficiency of the Company's social activities that will enable sustainable use of resources to ensure the economic and social well-being of the Company, the regions where the Company operates and the country as a whole.

Improving the social environment

Improving the quality of life for people that live in the regions in which the Company operates is one of NLMK's key social responsibility goals. The Company works with local communities, and the authorities at different levels, to strive to create new opportunities for using cutting-edge mechanisms for development of the regions where NLMK operates and to resolve the most burning social issues. The Company makes ongoing investments into programmes that support science and education, culture and sports.

The Company makes significant efforts to support fruitful cooperation with state and local authorities, civil society institutions for the benefit of wide spectrum social and economic development and a favourable business climate across the territories of its operation.

NLMK supports charters and other initiatives developed by external parties that do not contradict the principles of business conduct. It actively cooperates with business and public organizations, such as the Russian Union of Industrialists and Entrepreneurs and the Association of Russian Steelmakers (AMROS).

NLMK Group's investments in the regions where it operates

NLMK consistently finances programmes aimed at promoting education, healthcare, and culture to form the economic and social well-being of the Company and the regions where it operates.

KEY ASPECTS OF CORPORATE RESPONSIBILITY	TARGETS FOR 2016	PERFORMANCE IN 2016	PROGRESS	TARGETS FOR 2017
Engagement with local communities Development of regions where NLMK operates	To implement initiatives that promote the sustainable development of the regions where the Company operates and maintain social and economic stability in local communities	Investment in social needs and the development of the regions where the Company operates totalled 2.95 billion rubles (\$44 million); whilst over 500 million rubles (\$7 million) was allocated to charity	100% NLMK Group actively participated in the development of the regions where its assets operate	To continue implementing measures to promote the sustainable development of the regions where the Company operates



KEY AREAS OF SOCIAL INVESTMENT:

- Promotion of culture, mass and youth sport;
- Promotion of education and science;
- Work with children and young people;
- Charitable activities.

NLMK Group's social investment
at its Russian sites totalled

2.95 billion rubles
(\$44 million)

in 2016.

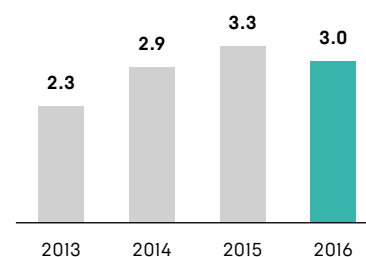
Promotion of sport and healthcare

The Company sees the promotion of welfare and a healthy lifestyle for its employees and people in regions in which it operates as a priority of its social responsibility. Special focus is placed on involving children and young people in regular sports activities. NLMK provides assistance to sports groups and schools for children and young people, as well as to sports clubs and athletes. Funds are allocated for the maintenance of sports facilities and buildings (stadiums, sports complexes, sports halls), and the purchase of sports equipment.

NLMK finances the "Lipetsk Metallurg" sports club that is successfully promoting sport in Lipetsk and creates the conditions for NLMK Lipetsk employees and the members of their families, as well

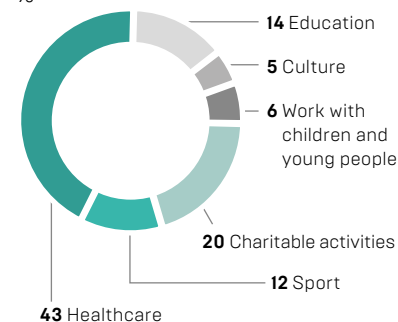
NLMK'S SOCIAL INVESTMENT

RUB bn



BREAKDOWN OF 2016 SOCIAL INVESTMENT

%



as all other Lipetsk dwellers, to practice sports.

More than 2,000 schoolchildren participate annually in sports competitions organized by NLMK. The “Lipetsk Metallurg” sport club fully funded the establishment of the Children’s and Youth Sports School of Olympic Reserve No. 13, where 300 young athletes are trained in clay target and rifle and pistol shooting. As a result, half of the Russian national shooting team are alumni of “Lipetsk Metallurg” sport club. In 2016, the children’s sports school’s trainees included 2 sports masters and 16 candidates for master of sports among its pupils. 25 athletes from Lipetsk are members of the Russian national shooting team.

MORE THAN 20,000 RESIDENTS OF LIPETSK VISIT NLMK SPORTS COMPLEXES EVERY YEAR.

Support for culture and art is one of the most important areas of social policy. The Company supports cultural, historical and educational organizations, allocates funds for the protection and proper maintenance of monuments of cultural, historical and architectural heritage in the regions where it operates.

Promotion of education and science

NLMK has a comprehensive programme to support the younger generation receiving a quality technical education and develop scientific potential of educational institutions by creating its own talent pool of driven and technically qualified. This includes:

- Earmarked financing of scientific and educational activities of basic educational institutions;
- Development and expansion of science and technology infrastructure of scientific centres in the metals and mining industry;
- Arrangement and funding of science related conferences, R&D creative competitions among students of basic educational institutions;
- Arrangement of Doors Open Days and site visits to production facilities for schoolchildren, on-the-job training at the Group’s facilities for students of specialized vocational education institutions;



- Establishing the conditions necessary for training and motivating students to obtain a quality vocational education, for example by implementing scholarship programmes.

Work with children and young people

NLMK invests a lot of effort into organizing healthy recreational activities for children. During the summer vacation the Company arranges trips for children of its

employees to summer camps; which are also open to children from low-income families and orphans.

Through sponsorship and charitable assistance, NLMK invests in improving the material and technical infrastructure of preschools, schools, colleges, professional schools, children’s creative centres, children’s homes, and boarding schools.

Special emphasis is placed on patriotic education. Together with organizations of war veterans and trade unions, NLMK organizes meetings with veterans and visits to war memorials; as well as lessons on bravery in schools and colleges.

“Prometey”, NLMK’s health complex for children, won the “Science and practice of children and youth recreation-2016”, an all-Russian contest of scientific materials and teaching aids that was part of the XXI All-Russian Forum for organizers of childrens and youth recreation and healthcare, titled “Topic of Special Interest: Furthering education, recreation and healthcare for children and youth”.



IN 2016, NLMK'S CHARITY PROGRAMMES INCLUDED THE FOLLOWING ACTIVITIES:

EASTER SUNDAY

ON THE EVE OF EASTER, MORE THAN

2,000 LOW-INCOME
RESIDENTS OF LIPETSK RECEIVED
EASTER CAKES

GIFTED CHILDREN

CONVENTION THAT GATHERED

120 WINNERS
OF SCHOOL OLYMPIADS
AT PROMETEEY CAMP

WARMTH IN THE HOME

FORMER NLMK EMPLOYEES
LIVING IN HOUSEHOLDS WITH
STOVE HEATING RECEIVED
FIREWOOD

A LAND OF SCHOOL

ORPHANS IN CHILDREN'S HOMES AND BOARDING
SCHOOLS PREPARING FOR THE NEW SCHOOL YEAR
RECEIVED SCHOOL KITS AND TREATS

HEALTHY PEOPLE – A STRONG NATION

NLMK EMPLOYEES AND MEMBERS OF THEIR FAMILIES VISITED
SPORTS FACILITIES IN THE CITY; NLMK LONG-SERVICE EMPLOYEES
AND DIFFERENTLY-ABLE LIPETSK RESIDENTS PARTICIPATED
IN AQUA AEROBICS CLASSES

BEAUTY ROUSES THE SPIRIT

NLMK EMPLOYEES AND MEMBERS
OF THEIR FAMILIES WERE GIVEN
THE OPPORTUNITY TO VISIT URBAN
CULTURAL EVENTS

HOPE

ORPHANS IN CHILDREN'S HOMES
AND BOARDING SCHOOLS IN
LIPETSK AND THE VICINITY WERE
CONGRATULATED ON CHILDREN'S
DAY AND RECEIVED PRESENTS

NLMK VETERANS HEALTHCARE

150 LONG-SERVICE EMPLOYEES
RECEIVED VOUCHERS TO SUKHOBORYE
AND PARUS HEALTH RESORTS

Charitable activities

NLMK contributes to charities through its own charitable organizations as well as through direct contributions to other charities.

Priority areas include support for orphans, low-income households, pensioners and differently-able persons; support for victims of natural, environmental, industrial or other disasters; promotion of family values in society; environmental and animal protection.

The 'Miloserdiye' ('Mercy') social protection fund, founded by NLMK in 1999, runs 11 programmes that cover all aspects of social support. Priority areas include support for orphans, low-income households, pensioners and differently-able persons; as well as people that have found themselves in challenging life situations.

Over 30,000 people from Lipetsk Region that require additional social support receive help annually. Funds are allocated to pay for long-term medical treatment, medicine, technical

rehab means, trips to resorts and children's camps and preparation for the beginning of the academic year as well as other social projects.

The 'Zabota, pomoshch, miloserdiye' ('Care, help, mercy') charity fund in Sverdlovsk region helps promote sports and protect cultural heritage; also supporting veterans and pensioners.

KEY HIGHLIGHTS

PERSONNEL

	2012	2013	2014	2015	2016
Number of employees, '000 people	62.5	61.7	60.1	56.7	54.0
Staff turnover, %	10.0	10.0	8.4	8.8	4.7
Number of female employees, %	27.2	27.3	27.2	27.0	28.0
Salary growth, %	9.6	10.0	12.0	8.0	10.0
Investments in employee training, \$ m	5.5	5.5	4.4	3.3	3.4
Total hours spent on employee training, '000 hours	7,014	6,549	5,346	6,188	6,303

OCCUPATIONAL HEALTH AND SAFETY

	2012	2013	2014	2015	2016
Accidents, total	245	217	177	123	90
<i>Employees</i>	221	194	151	102	73
<i>Contractors</i>	24	23	26	21	17
Fatalities, total	11	8	0	6	5
<i>Employees</i>	6	8	0	5	2
<i>Contractors</i>	5	0	0	1	3
Lost time injury frequency rate (LTIFR), NLMK Group	2.22	2.03	1.55	1.12	0.82
Lost time injury frequency rate (LTIFR), Russian assets	0.87	0.86	0.55	0.43	0.34
Investments in OHS, \$ m	20.29	34.07	39.48	24.57	65.04

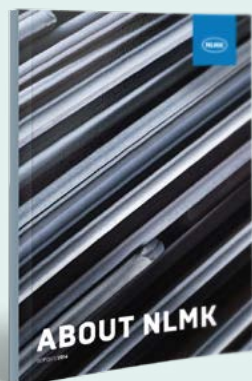
LOCAL COMMUNITIES

	2012	2013	2014	2015	2016
Social investments, \$ m	70	73	75	54	44
Social investments, RUB bn	2.17	2.30	2.91	3.28	2.95

ALSO IN THIS SERIES

ABOUT NLMK

2016



This brochure gives an overview of the structure, business model, strategy and performance of the Group over the past decade.

“Our success has been recognized by the expert community, with S&P Global Platts announcing NLMK as winner of the Industry Leadership Awards — Steel in 2016.”

Oleg Bagrin,
President and CEO
of NLMK Group

ENVIRONMENT

2016



In this brochure we talk about how advanced technologies, efficient processes and environmentally friendly approaches ensure our leadership as an ‘environmentally-oriented’ company.

“We adopt new technologies and solutions in an effort to reduce our environmental footprint.”

Galina Khristoforova,
NLMK Group’s Director
for the Environment

GOVERNANCE

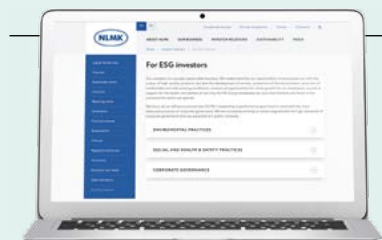
2016



This brochure aims to showcase NLMK Group’s corporate governance practices, how the process of continuous improvement of corporate governance is arranged, and how we ensured our leadership in investor relations.

“In everything we do, we try to be very attentive to best practices. At the same time, we know — we remember — that corporate governance is the area where continuous evolution is a more effective way of progressing, compared to revolutionary transformation. So we’re very attentive to what is going on outside of the company and we’re applying best practices step by step.”

Stanislav Shekshnia,
Independent Director,
Chairman of the Human
Resources, Remuneration
and Social Policies Committee



FOR ESG INVESTORS

Our company is a socially responsible business. We focus on ensuring NLMK’s performance leadership goes hand in hand with the most advanced corporate governance practices. We have developed a dedicated section on the Company website at www.nlmk.com to enable investors to review environmental and social questions, as well as corporate governance (Environmental, Social, Governance) when they are considering investment.