

SOCIAL RESPONSIBILITY
AND SAFETY

NLMK

EFFICIENCY LEADERSHIP

Report 2014



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1.

STAKEHOLDER ENGAGEMENT

NLMK perceives corporate responsibility as integral, involving the selection and application of the most effective methods of engaging key stakeholders, resulting in decisions which are beneficial for all parties.



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: Company employees, shareholders and investors, customers and suppliers, government regulators and supervisors, trade unions, public organizations and local communities in the regions where the Company operates, including potential employees.

COMPANY EMPLOYEES

STAKEHOLDERS' INTERESTS

Salary, social package and social guarantees, career growth, safety and working conditions

TOOLS FOR BILATERAL DIALOGUE

Opinion polls, Dial 06 counselling service, union meetings, appointments to discuss personal issues, change-of-shift meetings, corporate media, incl. corporate magazines, newspapers

FEEDBACK

Salary indexation, swift response to applications, possibilities for further career development, improvements in working conditions

TRADE UNIONS

STAKEHOLDERS' INTERESTS

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

TOOLS FOR BILATERAL DIALOGUE

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

FEEDBACK

Strict application of all social benefits and guarantees specified in collective agreements, joint implementation of measures, response to applications, following unions' recommendations

SHAREHOLDERS AND INVESTORS

STAKEHOLDERS' INTERESTS

Operational and financial performance, Company strategy, dividend payments, corporate governance issues, number of ordinary NLMK shares floating freely on Russian stock exchanges, number of shares issued by NLMK and traded at the London Stock Exchange of Global Depositary Shares

TOOLS FOR BILATERAL DIALOGUE

Meetings with the Company's senior management, annual reports and financial statements, quarterly performance presentations, teleconferences to discuss quarterly, six-month and annual results, media publications, Company website

FEEDBACK

Dedicated services for shareholder and investor relations, dedicated section for shareholders and investors on the Company website

CONSUMERS

STAKEHOLDERS' INTERESTS

Fulfilment of contractual obligations, product quality and price, timely review and settlement of customer complaints and claims, technical upgrades and development, operational and financial performance, financial and non-financial risks

TOOLS FOR BILATERAL DIALOGUE

Annual reports and financial statements, conferences, forums, business meetings, Russian and international professional associations and organizations, media publications, Company website

FEEDBACK

Use of customer satisfaction monitoring results for future contracts

LOCAL COMMUNITIES

STAKEHOLDERS' INTERESTS

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

TOOLS FOR BILATERAL DIALOGUE

Media, representatives of public organizations, members of representative and legislative bodies at different levels, career guidance events, conferences, meetings

FEEDBACK

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





GOVERNMENT AUTHORITIES

STAKEHOLDERS' INTERESTS

Participation in the work of state authorities including legislative bodies, participation in international and Russian professional and public organizations, meetings, dialogues, media

TOOLS FOR BILATERAL DIALOGUE

Participation in the work of state authorities including legislative bodies, participation in international and Russian professional and public organizations, meetings, dialogues, media

FEEDBACK

A dedicated service for communication with representatives of state and local authorities, Company participation in different federal and regional programmes

PUBLIC ORGANIZATIONS

STAKEHOLDERS' INTERESTS

Compliance with applicable laws, the environment, regional social and economic development, charitable activities

TOOLS FOR BILATERAL DIALOGUE

Conferences, clubs, meetings and other events, media, letters, Company website

FEEDBACK

Handling of all issues, participation in the implementation of joint projects

SUPPLIERS

STAKEHOLDERS' INTERESTS

Possibility of long-term development, fulfilment of contractual obligations, timely review and settlement of supplier complaints and claims of customers, operational and financial statements of the Company

TOOLS FOR BILATERAL DIALOGUE

Annual reports and financial statements, conferences, forums, business meetings, Russian and international professional associations and organizations, media publications covering Company activities, Company website

FEEDBACK

Open tenders, contact information for procurement department on the Company website

The Company conducts regular research into the opinions of key stakeholders through polls and consultations, engages them in discussions, working group meetings to review specific issues, and standing committees, etc.

By developing a framework for stakeholder engagement, the Company seeks to improve its current approaches to dialogue with a view to identifying problems and developing optimal solutions more quickly.



2.

SOCIAL RESPONSIBILITY

NLMK sets itself social targets that include achievement of sustainable development goals that are in line with long-term economic interests; as well as contributing to community welfare, environmental conservation and the observance of human rights within territories in which it operates.



SOCIAL RESPONSIBILITY MISSION AND STRATEGIC OBJECTIVES

SOCIAL MISSION

The Company sees its social mission as achieving sustainable development 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 its operation.

SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT: NLMK'S STRATEGIC GOALS

The combined efforts of the Company, its employees and communities are aimed at achieving the following strategic goals:

- Create a favourable and predictable social and economic environment for its employees and local communities;
- Improve corporate governance frameworks for economic, environmental and social activities of the Company;
- Comply with international environmental protection standards. Focus on the best state-of-the-art technologies;
- Observe business ethics principles, resist corruption and terrorism;
- Develop new types of products to meet customer expectations;
- Create an environment for the stronger performance by Company employees;
- Ensure sustainable improvements in welfare and social safety for Company employees and safe workplace environments.

THE COMBINED EFFORTS OF THE COMPANY, ITS EMPLOYEES AND COMMUNITIES ARE AIMED AT ACHIEVING THE FOLLOWING STRATEGIC GOALS:

Key aspects of corporate responsibility	2014 objectives	2014 results	Achievement of set objectives: analysis	2015 objectives
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 totaled 2.9 billion rubles (\$76 million) in 2014; whilst approximately 390 million rubles (\$10 million) was allocated to charity	2014 objective achieved 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

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 a significant contribution to local employment, providing jobs with competitive salaries. Almost all our employees are local residents.

Pursuing a policy of regional responsibility produces economic benefits for the Company including development of the potential of the labour force; as well as improved engagement with local communities and creation of comfortable living conditions for Company employees.

NLMK creates comfortable and safe working conditions in order to stimulate personnel development; and strives to provide workers with an adequate standard of living. The level of salaries at all Group companies exceeds average income levels in the regions in which they operate, which attracts new workers to the Company. NLMK implements several dozen social programmes.

NLMK GROUP'S INVESTMENTS IN THE REGIONS IN WHICH IT OPERATES

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.

NLMK consistently finances programmes aimed at promoting education, healthcare, and culture. Promotion of sport is an important area for the Company, including for children.





Key areas of social investment:

- Promotion of sport and healthcare
- Promotion of education and culture
- Work with children and young people
- Charitable activities

NLMK Group's social investment at its Russian sites totalled 2.9 billion rubles (\$76 million) in 2014.

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 fully finances the 'Lipetsk Metallurgist' sports club that is successfully promoting sport in Lipetsk and creates the conditions for Novolipetsk employees and the members of their families, as well as all other Lipetsk dwellers, to practice sports.

One of the most modern shooting clubs in Russia; a shooting range; and the 'Novolipetsky' health and welfare centre for summer and winter sports are all located in Lipetsk. The shooting club is equipped with top-notch equipment which means it can host international competitions.

The Company has medical centres in Lipetsk, Belgorod and Sverdlovsk Regions; and in the Altai Republic; that provide high-quality medical care for NLMK employees and people living in the regions. NLMK spent 114 million rubles (\$3 million) in 2014 on their support.

PROMOTION OF EDUCATION AND CULTURE

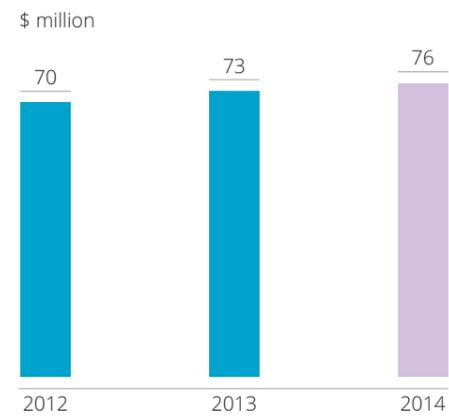
NLMK has a comprehensive programme to support the younger generation receiving a quality education by creating its own talent pool of driven and technically qualified personnel.

NLMK's career guidance programme involves students from Lipetsk and Lipetsk Region schools; and is aimed at helping students to make conscious career choices and to satisfy the Company's personnel requirements in key areas by studying in colleges and universities certified and supported by NLMK, with subsequent employment at the Company.

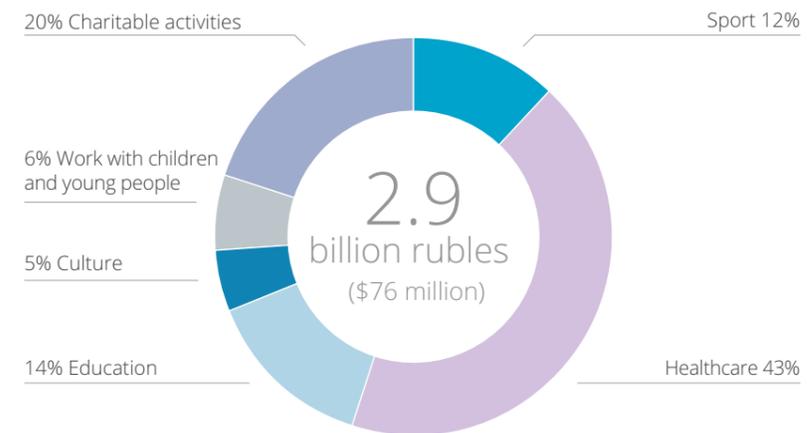
Over 11,000 students from 72 schools in Lipetsk and Lipetsk Region participated in career guidance initiatives in 2014.

Colleges and universities NLMK supports organize 'Open Doors' days for school students. The Company organizes site visits, competitions, contests, and scientific conferences.

INVESTMENT IN SOCIAL PROJECTS AND REGIONAL DEVELOPMENT OVER THE LAST 3 YEARS



INVESTMENT IN SOCIAL PROJECTS AND REGIONAL DEVELOPMENT IN 2014



NLMK cooperates with over 30 colleges and universities. Around 4,000 technical college students take internships at NLMK Group companies each year, with interns receiving a scholarship.

NLMK runs special scholarship programmes for higher professional education students in order to provide additional social support to gifted students and stimulate academic, scientific and practical achievement among talented young people. NLMK annually holds a competition to allocate monthly NLMK grants to the 30 best students of Lipetsk State Technical University. The Company also organizes site visits and sports competitions for grant holders. Students are invited to conferences and contests that the Company organizes for its employees.

NLMK provides support to children's creative clubs, studios, libraries, museums, and art galleries, and also allocates funds for the protection and proper maintenance of cultural and architectural monuments and other objects of cultural, and historical value.

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.

Veterans and young people were united by a joint 'Voices of Victory' project. Volunteers met with NLMK employees and World War II veterans, recording their memoirs on tape. The project was aimed at preserving historical memories for generations to come; and helped young people to get a feel for the heroic past of their country by meeting and talking with those that fought for their country and helped achieve victory.

The result of the project was the www.Pobeda48.ru internet portal. The website is updated regularly, and has a database of NLMK and Lipetsk Region veterans that participated in the war. It is based on archive documents about those that participated in the war, home-front workers, survivors of the Leningrad blockade, and concentration camp prisoners.

CHARITABLE ACTIVITIES

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

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.

390 million rubles (\$10 million)

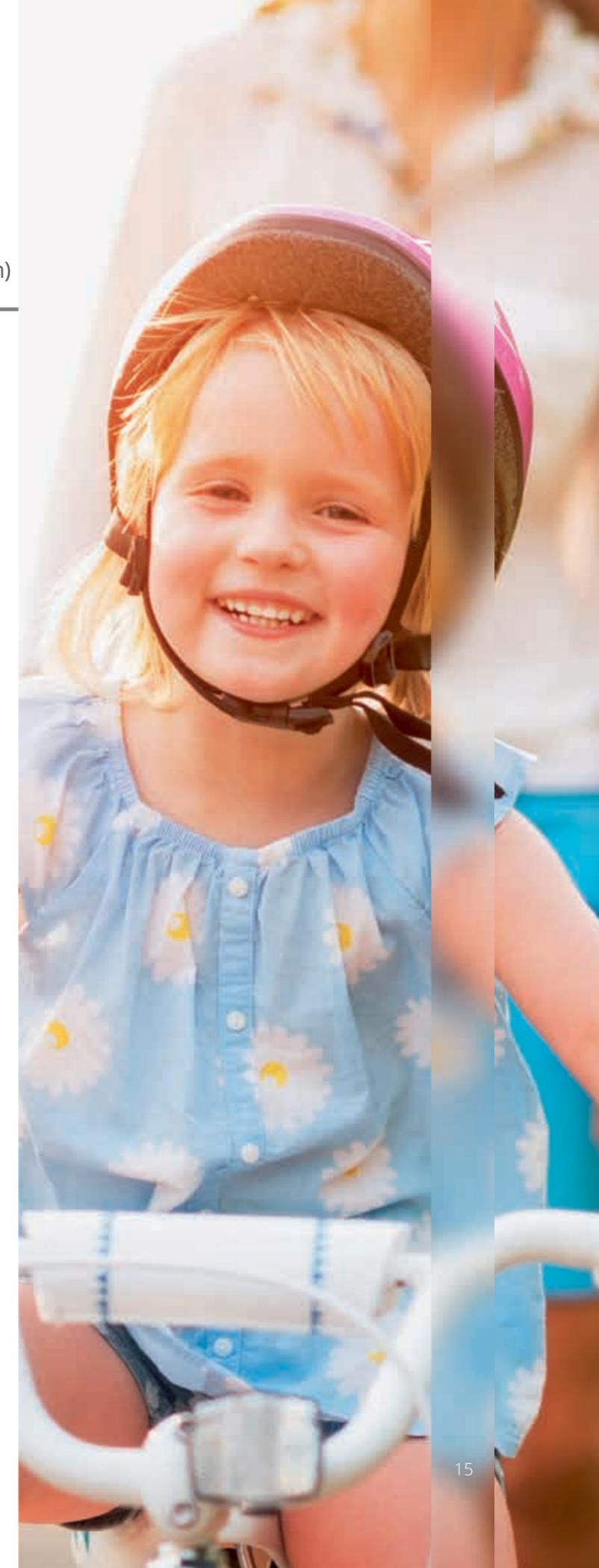
allocated to charity programmes in 2014

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.

NLMK allocated around 390 million rubles (\$10 million) to charity programmes in 2014.

NLMK offers monthly benefits, medication and medical equipment, and treatment at health resorts for pensioners and veterans of World War II, most of whom are former NLMK Group employees. The collective agreement between NLMK and its employees provides for salary increases in line with inflation. Increased labour productivity is another key criteria for changes in the level of employee remuneration.



3.

NLMK GROUP PERSONNEL

Development of employee potential and labour productivity are a strategic focus for the Group.

A key competitive advantage NLMK enjoys is the Company's highly qualified and motivated personnel, with extensive professional experience. NLMK recognizes the importance of HR management as a key factor for the successful and sustainable development of the Company; the creation of favourable conditions for high labour efficiency; and for maintaining a leadership position in the Russian and global ferrous steel industry.





NLMK HR POLICY

The Company pursues an active HR policy aimed at attracting and retaining the most talented young employees, providing equitable salary increases, utilizing a range of different incentives, conducting large-scale professional training and staff development programmes, ensuring a safe working environment and improving social safeguards for employees.

The strategic goal of NLMK's active HR policy is to form a pool of employees capable of tackling the Company's strategic business objectives.

NLMK's HR policy is based on the principles of social partnership between the employees and the employer; on their shared responsibility for the results of their labour; on ensuring a safe working environment; on performance-driven remuneration for labour; on ensuring equal opportunities for all workers; on delivering on all social guarantees and benefits; and on implementing additional corporate social programmes.

By strictly adhering to these principles, NLMK consistently implements programmes aimed at motivating personnel to perform efficiently; at creating the conditions for professional growth; at providing career progress for the best workers; and at attracting talented young and experienced qualified experts to the Company.

HR POLICY KPI

THE COMPANY HAS ACHIEVED PRACTICALLY ALL HR POLICY GOALS SET FOR 2014

KPI set for 2014	CUM	2014		Implementation status
		Goal	Actual	
Number of work days missed due to illness or without leave (not related to injury) per 1 million hours worked	ratio.	5,029	4,897	Achieved
Turnover rate	%	10.0	10.3	Not achieved
Payroll growth	%	8.2	8.2	Achieved

GOALS WERE SET FOR ALL KEY ASPECTS OF NLMK'S HR POLICY

Key aspects of corporate responsibility	Goals achieved in 2014 and comments
Company employees and respect for human rights	Compliance with NLMK collective agreements in 2014
Increase in organizational efficiency	An 8% increase in labour productivity (steel production per employee) across the Group
Recruitment and succession	A process for monitoring and preventing recruitment issues has been set up across NLMK Group divisions. Company management is controlling the turnover rate. Succession pool assessment and development plans have been prepared at all Company sites
Personnel efficiency and motivation management	A Management by Objectives system has been rolled out to the 3rd level of managers, including experts
Personnel development	New assessment methodologies for top-management were introduced
	"NLMK Group Leaders 2025" strategic talent pool development programme was launched
	Professional standards for key professions were developed
Improvement of HR service quality	Professional assessment system implemented at NLMK Group subsidiaries
	New HR function management model developed and launched: centres of expertise and business partners identified for HR
	A system for monitoring the social state of work teams implemented at all key NLMK companies
Regulatory risk management	Electronic HR services launched for employees
	Project launched for assessment of specialized working conditions. Assessment of 40% of work places at the Lipetsk site completed by end of the 2014

OUR EMPLOYEES

Average NLMK Group headcount during 2014 was 60,100 people (-3% year-on-year), of which 56,400 people were employed at Russian sites; 2,500 people were employed at NLMK's European divisions; around 1,000 people were employed at NLMK USA; and around 200 people were employed in other countries where NLMK Group assets are located, including India, China, etc.

Around 48% of NLMK Group personnel are directly involved in the mining and steel production process; whilst around 25% are involved in repair and maintenances; and approximately 3% are involved in research and innovative development. The remaining 24% are administrative and management personnel, including services.

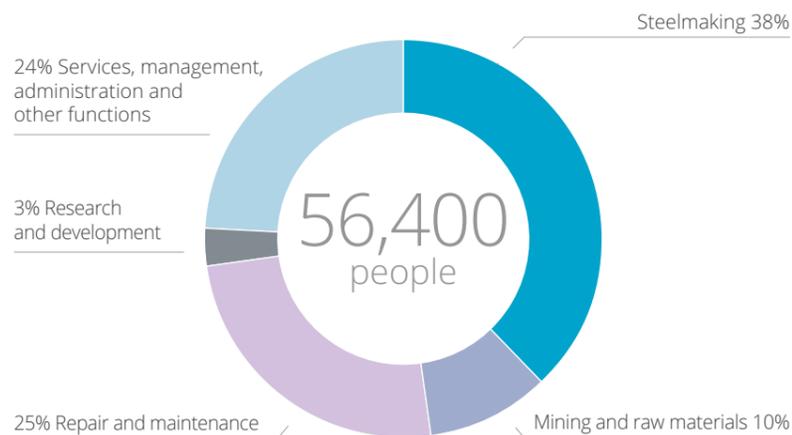
NLMK has an active HR policy aimed at attracting prospective young workers from both colleges and universities and among those that have completed their service in the armed forces of Russia. As a result, the Company hires over 1000 young qualified workers each year that later form the Company's pool of professional talent, future managers and experts.

NLMK Group has no gender limitations.

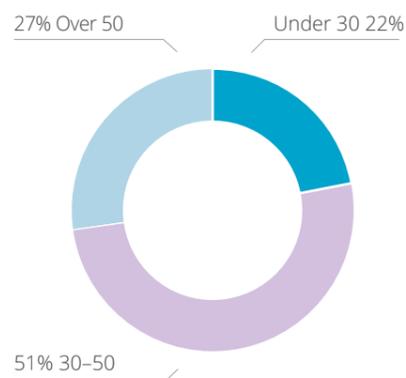
PERSONNEL STRUCTURE BY ASSET GEOGRAPHY

Total, '000 people	Russia	Europe	USA	Other countries
60.1	56.4	2.5	1.0	0.2

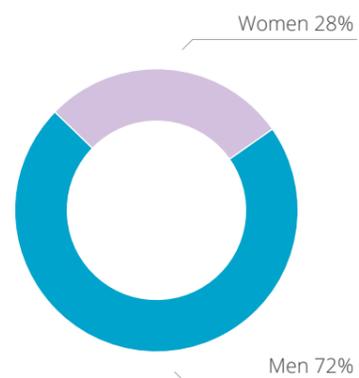
PERSONNEL STRUCTURE BY FUNCTION (RUSSIAN ASSETS)



PERSONNEL STRUCTURE BY AGE (RUSSIAN ASSETS)



PERSONNEL STRUCTURE BY GENDER (RUSSIAN ASSETS)



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.

The Company is currently on par with leading global steel companies in terms of operational efficiency; and NLMK continues to develop. The strategic target for the next few years is further increases in labour productivity through both process optimization initiatives and equipment productivity increases; with active involvement of personnel in the process. Continuous development has become the cornerstone of NLMK's corporate culture.

LABOUR PRODUCTIVITY, TONNES OF STEEL PER PERSON

Labour productivity, tonnes of steel per person	NLMK Group	Lipetsk site
2010	195	308
2011	198	329
2012	239	406
2013	249	420
2014	268	437
Change 2014/2013, %	+8%	+4%





PERSONNEL MOTIVATION

NLMK's personnel motivation policy is focused on ensuring a competitive level of labour compensation that is in line with increased production output; increased labour productivity; and management structure improvements.

Labour compensation system improvements at NLMK are based on developing and applying fair and accurate criteria for the payment of material incentives that take into account the maximum input of all structural divisions and of every individual employee into the common cause.

The collective agreements between NLMK and Company employees provides for compensation of inflationary changes to the economy. Another key driver behind changes in employee labour remuneration is the increase in labour productivity.

Average salaries in the Company increased by about 11% year-on-year in 2014, reaching 44,000 rubles (\$1,150) per month at NLMK Group's Russian assets.

11%

increase in average salaries
in the Company in 2014

NON-MATERIAL INCENTIVES

Alongside material incentives NLMK utilizes a system of non-material incentivizing of employees, which has produced tangible results.

Elements of this system include extensive career growth opportunities for our employees, professional contests and competitions and individual and collective rewards and bonuses.

Alongside professional competitions, NLMK Group companies hold annual "Young Leader" contests for young specialists to stimulate personal and professional growth among young workers.

Over 3,000 Novolipetsk employees received awards in 2014, including:

- 3,002 corporate awards
- 107 regional and city awards
- 58 industry awards
- 5 government awards
- 27 state awards

SOCIAL PACKAGE

Alongside labour remuneration, non-material incentives and motivation, NLMK provides continuous social support for employees with a social package available to every employee. Key principles and approaches in the area of social support are regulated by collective agreements in place at NLMK Group companies. Social package

includes 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.

Key areas of social support for employees in addition to those required by Russian law:

All categories of personnel have access to the following types of corporate social support:

- Voluntary medical insurance
- Availability of compensation following production-related injuries
- Parental benefits (upon birth of a child; provision of child care up to 3 years, etc.)
- Sports opportunities
- Organization of cultural events
- Health care and recreation for employees and members of their families
- Quality catering for workers
- Employment opportunities and social protection in case of loss of work

Female employees at NLMK Group receive additional benefits:

- Flexible work schedule, where production allows, for women with children under the age of 16
- Additional vacation time (without salary) for women with two or more children at their convenience
- Professional training and skills upgrades following maternity leave

Young NLMK employees benefit from the following opportunities:

- Participation in NLMK's comprehensive youth programme
- Guaranteed average salary for graduates of partner colleges/universities
- Guaranteed re-employment in case of job loss due to military conscription
- Kickoff bonuses upon employment for graduates of partner colleges/universities and students that took internships with the Company during their studies

Children of Company employees receive New Year gifts; as well as discounts on trips to children's camps and resorts.

HEALTH AND WELFARE OF NLMK EMPLOYEES AND FAMILY MEMBERS

The health and welfare of NLMK employees is a priority focus of the Company's social activities. A key emphasis is placed on forming a welfare culture, the need to lead a healthy lifestyle and improve one's psychological and physical health.

NLMK Group runs 3 medical units and 25 first aid facilities to provide medical support and conduct regular check-ups. Over 70% of employees at

NLMK Group's Russian assets use the services provided by the Company's medical facilities.

NLMK employees have the opportunity to make annual visits to health resorts and spas, both locally and in other regions of the country.

The Company provides the opportunity to receive high-quality medical treatment and relaxation at 10 health resorts and spas. NLMK allocated 107 million rubles (\$2.8 million) in 2014 towards health resort treatment for employees.

Healthy lifestyle programmes are aimed at involving as many employees as possible in sports activities; and at popularizing healthy life choices. NLMK Group companies have created an atmosphere that fosters a healthy lifestyle. Employees have the opportunity to use gyms located at NLMK facilities, to get discounts on memberships to swimming pool and fitness centres and to participate in sports events organized by the Company.

One of the most popular sports events is the 'NLMK Olympics' in which more than 3,500 employees participate. 'Olympics' are held throughout the year in 16 sports including volleyball, skiing, trap and rifle shooting, football, mini-football, table tennis and chess.

Summer camps are organized each year for the children of NLMK employees. Employees benefit from discounted trips to three different children's camps owned by the Company located on the coast of the Black Sea. NLMK allocated more than 57 million rubles (\$1.5 million) for this purpose in 2014.

More than 1,600 children visited the 'Prometheus' health resort in 2014, including 900 children of NLMK employees, with around 800 children participating in various technical creativity clubs.

PROFESSIONAL GROWTH

NLMK sees investment into the professional growth of its employees 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.

High-quality 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.

Key elements of NLMK's professional development system include:

- Employee training as part of the adaptation and induction programme for newcomers.
- Training to acquire additional related skills.

Skill improvement programmes are available for all types of professional activity.

- Talent pool training.
- Professional development for top managers.
- Training for instructors that visit for in-plant training.
- Training of mentors.



Around 42,600 NLMK Group employees underwent professional training in 2014.

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.

42,600 people

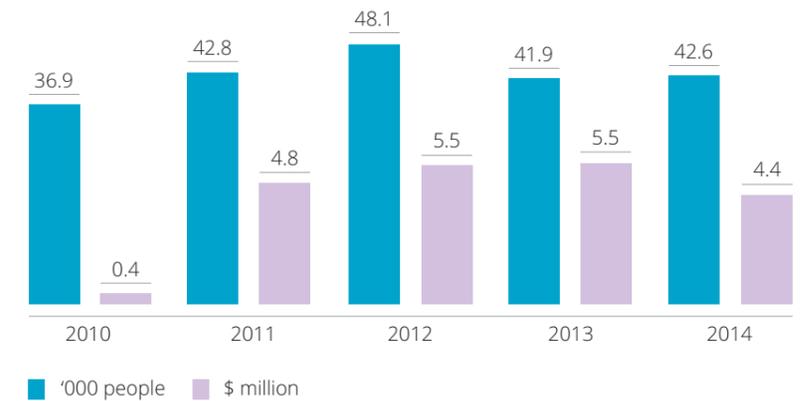
NLMK Group employees underwent professional training in 2014

90%

of employees are trained in-house



INVESTMENT INTO PROFESSIONAL DEVELOPMENT AND TRAINING



STRUCTURE OF INVESTMENT INTO PROFESSIONAL DEVELOPMENT BY AREA IN 2014

Name	Total	
	'000 people	\$ million
Targeted financing of education in colleges/universities	0.1	0.1
Professional training and skill enhancement	9.1	0.7
Mandatory occupational health and safety certification; special-purpose courses	16.7	1.2
Talent pool training	5.9	0.1
Trainings, seminars, and qualification improvement courses	8.2	2.0
New placement trainings	0.7	0.03
Participation in field-related conferences	0.3	0.2
Other trainings	1.6	0.1
Total investments into professional development and training in 2014	42.6	4.4

4.

OCCUPATIONAL HEALTH AND SAFETY

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'S OCCUPATIONAL HEALTH AND SAFETY POLICY

VISION	NLMK Group is one of the most efficient steel companies in the world. The Group's high-quality products are in demand in strategically important sectors of the economy, such as construction, machine building, energy, shipbuilding, chemical, oil and gas industries and many others
MISSION	To manufacture products that satisfy client needs; to continuously improve technologies; to ensure safe working conditions; to reduce the Company's environmental footprint; to make rational usage of resources; and to adhere to widely accepted social responsibility practices
GOALS	<ul style="list-style-type: none"> ▪ Efficient accident- and incident-free operations; ▪ Achieving global leadership in occupational health and safety
PRINCIPLES	<ul style="list-style-type: none"> ▪ Employees are NLMK's key value; their health and wellbeing are key to the success of our operations; ▪ 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.
ACTIONS	<ul style="list-style-type: none"> ▪ Efficient management of potential risks to the health and safety of our employees, contractors and third parties; ▪ Strictly adherence to Russian and international occupational health and safety requirements; ▪ Continuous improvement of employee skills in the area of occupational health and safety; ▪ Ensuring the transparency of OHS indicators
RESPONSIBILITIES OF MANAGEMENT	<ul style="list-style-type: none"> ▪ To ensure safe working conditions in line with OHS norms and standards; ▪ To allocate resources to ensure OHS compliance; ▪ To take measures to prevent accidents, incidents and professional illnesses; ▪ To introduce advanced OHS methods and technologies; ▪ To consult employees and their representatives on OHS issues; to motivate employees to work in a safe and incident-free environment; ▪ To regularly assess the quality of the Company's risk management system and ensure its constant improvement.
RESPONSIBILITIES OF EMPLOYEES	<ul style="list-style-type: none"> ▪ To take care of both one's own safety; and the safety of others; ▪ To strictly adhere to established OHS requirements and use of safe working methods; ▪ To actively participate in OHS programmes

TARGET OHS KPI

2014 objectives	2014 results	Objective status	2015 objectives
Fatality-free operations	No fatalities among employees and contractors	Achieved	<p>To maintain Lost Time Injury Frequency Rate (LTIFR) at NLMK's Russian assets at the 2014 level;</p> <p>To achieve a 10% reduction of the Lost Time Injury Frequency Rate (LTIFR) at NLMK's international assets at the 2014 level.</p>
Implementation of hazard identification and risk management programme at all Group sites	<p>'Risk Management' programme implemented at all Group sites, including international sites</p> <p>169,776 of the 213,937 hazards identified were eliminated;</p> <p>1,718 of the 2,074 identified potentially fatal risks were eliminated.</p>	Achieved	<p>To ensure identification of at least 4 hazards per employee as part of the 'Risk management' programme;</p> <p>To ensure that at least 50% of unacceptable risks identified are eliminated; or reduced.</p>
Implementation of 'In Search of Safety' programme involving personnel in OHS matters and developing safety culture	<p>'In Search of Safety' programme implemented at all Group sites;</p> <p>19,758 instances of personnel involvement achieved; 84% above the target KPI thanks to all-round support of the programme by Company management.</p>	Overachieved	To ensure that at least 20% of headcount are involved in the 'In Search of Safety' programme.
Implementation of OHS training programme based on safe behaviour	<p>'Training course promoting a culture of safety for Company managers' developed and implemented; course included 14 training sessions held for 480 managers of NLMK's Russian and international companies; a total of 3,480 man-hours.</p>	Achieved	<p>Implementation of advanced OHS management practices:</p> <ul style="list-style-type: none"> ▪ Programmes to enhance the efficiency of equipment safety barriers; ▪ Regulations on blocking energy sources (Lock-Out / Tag-Out); ▪ Road safety programme

KEY OHS INITIATIVES

NLMK has implemented an OHS accident and incident alerting procedure (mandatory quick response) and Investigation regulations in order to improve the quality of production incident classification and tracking. Investigation materials and the lessons learnt from NLMK's own incidents as well as incidents at other metals and mining companies are used to prevent any similar future incidents at NLMK Group companies.

A Risk Management programme was successfully implemented across all Group divisions in 2014, designed to identify and eliminate hazards (hazardous production factors) and efficiently manage residual risks.

The 'In Search of Safety' programme was launched in order to involve employees in the process of risk management. It is designed to develop practical

skills among employees in order to help them to independently identify any dangerous conditions or behaviour, which was a driver for the further development of NLMK's safety culture aimed at preventing occupational incidents.

The 'PPE Quality Management' programme was launched in 2014 to provide the workers of NLMK Group's Russian sites that work in dangerous or hazardous working environment with modern high-quality personal protection equipment (PPE).

The 'Safe Operations' communication programme was implemented to improve workers' safety culture. It included the development of a corporate OHS portal; information boards and OHS corners; videos on incidents that had occurred; as well as banners and other materials.



"Our goal is to achieve incident-free operations. If you see a dangerous situation, don't just walk past it."

Sergey MAZUR, Director, Rolling Operations



"When working in a hazardous environment one can't afford to be careless. Think about yourself, use your head!"

Stanislav UVALEEV, Steel Caster, BOF-2

INFORMATION SUPPORT OF OHS INITIATIVES IN THE GROUP IN 2014

	Corporate newspapers	NLMK Group Corporate Magazine	NLMK-TV	Corporate portal
'Safe Operations' communication programme	146 articles	5 articles (in each issue)	11 stories	43 publications

OHS COSTS

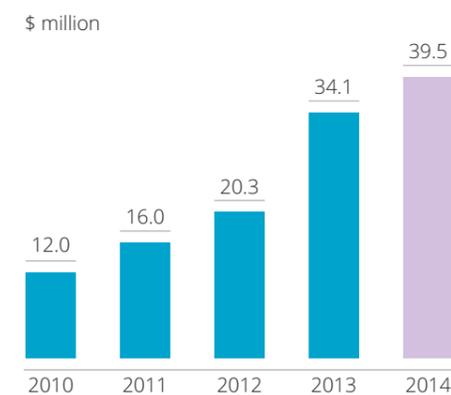
NLMK annually finances events aimed at the continuous improvement of OHS and working conditions. OHS costs increased by 329% over the period between 2010 and 2014.

Breakdown of Occupational Health and Safety Costs in 2014*

Cost item	Share, %
Personal protection equipment	32%
Improvement of working conditions	4%
Healthy meals	21%
Occupational safety	23%
OHS trainings	1%
Other	18%

* For NLMK's Russian assets

OHS COSTS IN 2010-2014



RESULTS ACHIEVED

2014 was the safest period in NLMK Group's history.

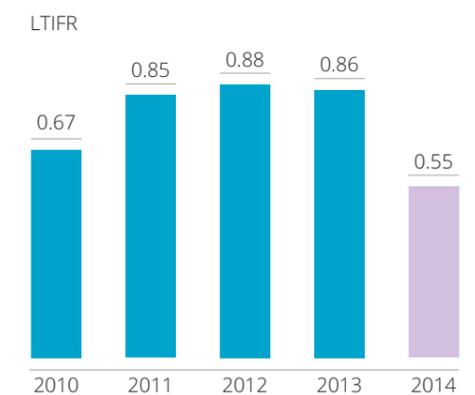
There was not a single fatality at any of NLMK Group's divisions, both among NLMK personnel and among subcontractors.

The Company was able to prevent 48 more lost-time injuries than last year; and the lost-time injury frequency rate (LTIFR per 1,000,000 hours worked) among employees was down:

- by 22% for NLMK Group;
- by 13% for NLMK's international assets;
- by 36% for NLMK's Russian assets.

This result was possible due to the successful implementation of NLMK's OHS Development Strategy, approved by the Management Board in 2013.

LOST TIME INJURY FREQUENCY RATE (LTIFR) – RUSSIAN ASSETS



5.

COMMUNICATIONS

Information is a key resource in the modern world. Efficient channels for interaction with internal and external stakeholders and accessible, comprehensive information are prerequisite for a successful and competitive business.

We are convinced that our employees, shareholders, partners, clients and other stakeholders should have equal opportunities to make decisions based on accurate and comprehensive information about the Company.

For this reason, information transparency is the core of NLMK's communication policy. We issue reports in a timely fashion and call on facts, not assumptions.



EXTERNAL COMMUNICATIONS

NLMK Group's external communications aim to providing timely and comprehensive information to investors and experts; partners and clients; authorities and the general public, including school and college/university students; veterans and families of NLMK employees.

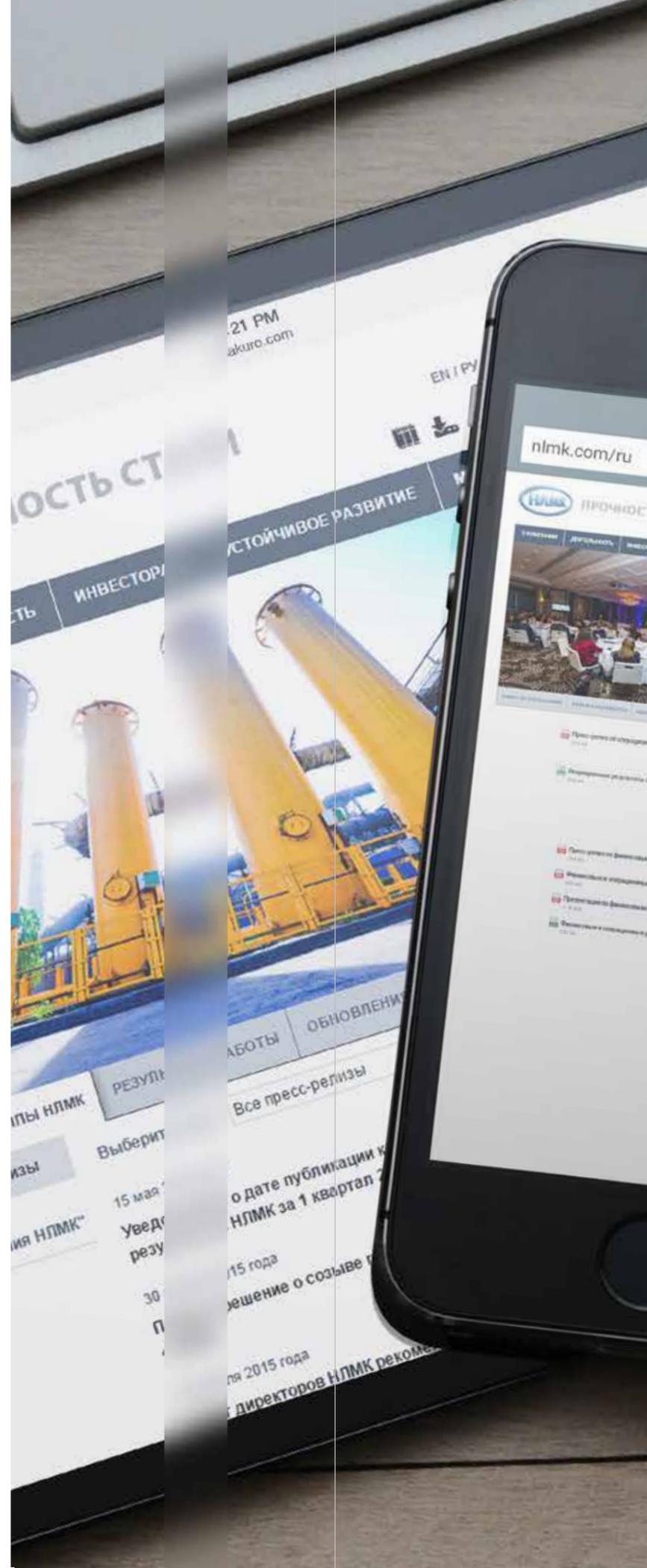
NLMK Group published around 500 press releases in 2014 on operational and financial performance as well as social and other aspects of business. NLMK top-managers gave dozens of interviews and made presentations at leading sector and economic conferences and round tables. The Group presented its products at Metal-Expo 2014 and other sector exhibitions. NLMK also organized a number of large-scale public and social events, including those dedicated to Novolipetsk's 80th anniversary in Lipetsk and NSMMZ's 280th anniversary in Revda.

Throughout the year, NLMK Group has focused on informing external stakeholders about the Company's environmental performance, such as ongoing projects aimed at reducing the Group's environmental footprint and their results. Other communication priorities included: operational improvement programmes and occupational health and safety projects.

NLMK Group consistently improves the quality of interaction with target audiences, including through the use of modern communication channels such as social media and blogs. In 2014, NLMK Group implemented daily monitoring of mentions of the Company in the blogosphere and formulated a corporate social media presence in the following popular social networks:

- facebook (<https://www.facebook.com/nlmc.press>)
- twitter (<https://twitter.com/nlmc>)
- VKontakte (http://vk.com/nlmc_ru)

The use of these instruments increases the awareness of the Group's management of any possible issues at production sites across the Group, as well as enabling better employee involvement.



INTERNAL COMMUNICATIONS

The motivation of personnel to work efficiently is dependent on how well employees understand the processes and goals set by the Company. Only by taking into account employee feedback can management decisions be made with maximum efficiency; and the intellectual potential of employees used rationally. Internal communications is one of the key elements of NLMK's leadership and efficiency and serves the purpose of promoting these synergies.

The Group has an effective system of internal communication covering all production sites. It comprises several communication channels: an intranet information portal; corporate newspapers at NLMK's Russian production sites; NLMK Group Corporate Magazine (nlmk.com/mag), which is published both in Russian and in English; newsletters at NLMK Europe and NLMK USA; NLMK-TV with news stories streamed on the intranet portal; and a system of feedback through corporate publications. NLMK Group's corporate television station, set up in April 2014, reaches an audience of about 15,000 people.

A well-developed system of internal communication enables NLMK Group to not only deliver information to each and every employee in a timely fashion; but to deliver information that is important and interesting in a convenient format. Company employees have the opportunity to not only read interviews by the President or functional and site heads; but to contribute to the communication agenda themselves by posing questions to the management.

Internal communication plays an important role in providing motivational support for NLMK Group's strategic programmes, such as information support for changes in the approach to occupational health and safety; in which maximum employee involvement is crucial; that became one of the Group's communication focuses during 2014. Last year, NLMK's corporate media published around 200 articles and released 11 news stories on the topic. This yielded tangible results, with NLMK Group becoming a global leaders in operational safety among steel companies in just one year.

FEEDBACK SYSTEM

The key principles of NLMK Group's feedback system are voluntary employee involvement; confidentiality; transparency and expediency; a guaranteed response; and equal access to feedback for all employees without exception.

NLMK Group uses feedback tools that have proved to be effective, including team meetings; meetings with employees; hot lines: 'Trust line' and an OHS line on the corporate portal; a survey aimed at identifying the level of social satisfaction among employees; a service enabling questions to be directed to HR and Company management on the corporate portal; and special Q&A sections across the Group's communication channels.



RECOGNITION

NLMK Group's intra-corporate publications received high acclaim from both the public and from experts in various ratings and media competitions.

NLMK Group's corporate media came first in the 'Silver Threads' national competition for media resources in 2013 and 2014; the 'Best Corporate Media in the Steel Sector in Russia and the CIS - 2014' competition, in the 'Best Corporate Magazine' and 'Best Electronic Corporate Media' categories; as well as the 'Best Corporate Media in the Steel Sector in Russia and the CIS - 2013' in the 'Best Corporate Newspaper' category.

NLMK Group's Corporate Magazine topped the 'Rating of Corporate Publications of Industrial Companies' in the steel sector. The rating is a research project of the 'Production Management' portal. It also came first in the 'Silver Threads' national competition of media resources in the 'B2P/industrial' category that brought together corporate magazines for personnel in the industrial sector.

NLMK Group's NLMK-TV corporate television media project received recognition by winning the 'Best Corporate Media in the Steel Sector in Russia and the CIS - 2014' competition, in the 'Best Electronic Corporate Media' category. The competition was held as part of the 'Metal-Expo'2014' international industrial exhibition held in Moscow.

CONTACTS

You can access information about NLMK from a variety of sources.

Visit our corporate website for more information www.nlmk.com.

GENERAL CONTACTS

Sergey Babichenko
Head of Public Relations
Tel.: +7 495 411 77 10
E-mail: pr@nlmk.ru

Sergey Takhiev
Head of Investor Relations
Tel.: +7 495 915 15 75
Fax: +7 495 915 79 04
Address: 18, bldg 1 Bakhrushina St., Moscow, 115054, Russia
E-mail: st@nlmk.com

SOCIAL RESPONSIBILITY

Alexander Sokolov
Vice President for Social Issues
Tel.: +7 4742 44 40 46
E-mail: sp-vpsv@nlmk.ru

PERSONNEL

Stanislav Tsyrlin
Vice President, HR & Management System
Tel.: +7 4742 44 06 46
E-mail: sp-avpksu@nlmk.ru

OCCUPATIONAL HEALTH AND SAFETY

Viktor Togobetskiy
Director of Occupational Health and Safety
Tel.: +7 4742 44 63 60
E-mail: sp-dot@nlmk.ru

NLMK IN SOCIAL NETWORKS

www.twitter.com/NLMK_IR
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