L. Karaskova, leading OHS expert, NLMK-Kaluga
NLMK’s SUSTAINABILITY REVIEW

NLMK Group headcount: **56,700 people**
Labour productivity at Novolipetsk increased by **6%**
Cumulative environmental investment since 2001: **$1.3 billion**
Emission rates dropped to **20.9 kg/t**
Specific energy consumption decreased by **1% yoy**
The number of occupational accidents decreased by **29% yoy**

Over **50%** of employees are involved in training initiatives each year
NLMK Group’s investments in the regions of presence: **$54 million**
Active stakeholder engagement: **over 370 meetings** with shareholders and investors were held

**6%**
yoy increase in productivity: a 41% improvement from 2011

0.43
Lost time injury frequency rate (LTIFR) at NLMK Group’s Russian companies: a yoy decrease of **22%**

In 2015, NLMK Group increased the investment in social projects by **13%** to RUB 3.3 billion
Key sustainability indicators

**Corporate sustainability-related events in 2015**

- **CERTIFICATION OF THE ENVIRONMENTAL MANAGEMENT SYSTEM**
  In 2015, the Environmental Management System at NSMMZ and NLMK Metalware was certified as compliant with ISO 14001:2004 by BSI.

- **APPROVAL OF NLMK’S HR STRATEGY**
  NLMK Group’s HR strategy was designed based on the Strategy 2017 targets. Development of the talent management system is a key aspect of the HR strategy.

- **PRIZE IN THE ENVIRONMENTAL COMPETITION**
  NLMK Group topped the Urban Ecology nomination in the Vernadsky National Environmental Competition for the successful implementation of its environmentally friendly waterless BF slag cooling technology.

- **RECOGNITION OF NLMK GROUP’S PLANTS AS REGIONAL LEADERS IN LABOUR PRODUCTIVITY**
  NLMK Kaluga, Novolipetsk and Altai-Koks became winners in the first national «Labour productivity – Industrial Leaders 2015» award and were recognized as leaders in labour productivity in their respective regions.

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* Lost-time injury frequency rates.
** Hereinafter BAT (best available technologies) refers to the level of best available technologies for integrated steelmakers.
Dear ladies and gentlemen,

Our company is a socially responsible business. We understand that our responsibility encompasses not only the output of high-quality products, but also the development of society, protection of the environment, provision of comfortable and safe working conditions, creation of opportunities for career growth for our employees, as well as support for the health and welfare of not only NLMK Group employees but also their families and those in the communities where we operate.

As a result, leadership in sustainability and safety is one of the key targets of Strategy 2017. We continued our efforts towards achieving this target in 2015 by investing in social projects, occupational health and safety and development of the potential of our employees.

In 2015, NLMK Group’s Management Board approved our HR Strategy for the next two years. It was devised on the basis of the goals set out in Strategy 2017 and the volatile economic situation. Today, as never before, the company’s success depends on its employees’ personal performance and ability to tackle challenging tasks. Therefore, the development of the talent management system is at the core of our new HR Strategy.

Identifying, developing and promoting talented employees has been a priority for NLMK Group for several years now. We train our staff starting from their school years and work to continuously improve their knowledge. Tens of thousands of employees undertake retraining; study for a second qualification; and improve their skills. Approximately 90% attend the Group’s Corporate Training Center.

Injury free and zero incident production, achieving best global OHS standards and ensuring leadership in production culture are important elements of Strategy 2017. In the last two years we have implemented our top priority programmes for risk management, and personnel training, involvement, and awareness; which have driven a considerable injury rate reduction. Today, all NLMK Group plants are covered by the integrated occupational health and safety programme and the Lost Time Injury Frequency Rate (LTIFR) has declined by 20% from the 2014 level, bringing it in line with the level of global best practice.

The Company’s ongoing efforts to minimize its environmental impact also continue apace. We believe this is a key element serving to improve the quality of life of our employees and the wider community. NLMK Group invested more than $100 million into environmental projects across all production sites in 2015. Implementation of environmental projects has helped us to significantly reduce the environmental impact of our production activities. In 2015 we were able to cut specific air emissions and water consumption, even though in terms of the latter NLMK had already surpassed the level of global best practice. NLMK Group will continue to further reduce its environmental footprint, regardless of output growth and the steel market environment.

Priority areas of NLMK Group’s social policy over the past year included enhancement of the health and welfare of NLMK’s employees and their family members; organization of sports and cultural events; co-financing of non-state pensions for workers; and support for vulnerable social groups. The Company allocated more than $50 million for these activities.

I am certain that the achievement of the sustainability targets envisioned by Strategy 2017 will drive the continued dynamic development of the Group and improve confidence in the Company yet further, as well as providing a foundation for even closer cooperation with all NLMK Group’s stakeholders.

Best regards,

Oleg Bagrin
President of NLMK Group,
Chairman of the Management Board
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.

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.

<table>
<thead>
<tr>
<th>Stakeholders’ interests</th>
<th>Tools for bilateral dialogue</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company employees</td>
<td>Salary, social package and social guarantees, career growth, safety and working conditions</td>
<td>Salary indexation, swift response to applications, possibilities for further career development, improvements in working conditions</td>
</tr>
<tr>
<td></td>
<td>Opinion polls, Dial 06 counselling service, union meetings, appointments to discuss personal issues, change-of-shift meetings, corporate media, incl. corporate magazines, newspapers</td>
<td></td>
</tr>
<tr>
<td>Trade unions</td>
<td>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</td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>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</td>
<td>Strict application of all social benefits and guarantees specified in collective agreements, joint implementation of measures, response to applications, following unions’ recommendations</td>
</tr>
<tr>
<td>Shareholders and investors</td>
<td>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</td>
<td>Dedicated services for shareholder and investor relations, dedicated section for shareholders and investors on the Company website</td>
</tr>
</tbody>
</table>
### Stakeholders’ interests

<table>
<thead>
<tr>
<th>Consumers</th>
<th>Tools for bilateral dialogue</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 nonfinancial risks</td>
<td>Annual reports and financial statements, conferences, forums, business meetings, Russian and international professional associations and organizations, media publications, Company website</td>
<td>Use of customer satisfaction monitoring results for future contracts</td>
</tr>
</tbody>
</table>

**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

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**

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, dialogues, media

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

**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

**Suppliers**

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

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

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

Our team is our greatest asset, and our highly-qualified employees are a key factor in delivering strong performance.

Working at NLMK is an opportunity to create a new future with one of the world’s most efficient steel companies.

NLMK is building a team of professionals offering comprehensive support to talented and ambitious employees who bring new ideas to life and are focused on result.

NLMK’S HR POLICY

The three pillars of our HR strategy and our mission on each of them:

**Employee**

We are striving to ensure that every job position within NLMK Group is filled by a properly qualified, motivated and loyal member of staff.

**Company**

We are striving to make NLMK Group the preferred employer in the markets where we operate, and to offer the best career opportunities to employees with high potential for advancement. We regard cost-effectiveness as our priority and believe that our personnel costs should not exceed our labour productivity growth. Our aim is to replicate and develop best practices and be able to adapt quickly to the changing environment.

**HR**

We are striving to ensure that our HR function uses advanced expertise to become a leader in our Employee and Company mission, while being a reliable business partner and one of the most cost-efficient functions in the industry.

The foundation and four strategic projects aimed at fulfilling the mission

Our **Talent Management** project aims to:

- Foster an honest and attractive culture that provides equal career opportunities
- Improve the organization’s efficiency by consistently promoting high-potential employees
- Build a learning organization

Our **Motivation** project aims to:

- Align remuneration principles across the Group
- Establish clear rules for setting fixed salary rates, depending on job attributes (grades)
- Make sure that the variable pay is clearly linked to performance
- Create a perfect balance between the Company’s competitiveness in the labour market and cost control

Our **Structure and Process Optimization** project aims to:

- Align organization principles across the Group
- Achieve labour efficiency with the number of employees clearly linked to the volume of work
- Clearly define the responsibilities for each task within processes and functions
- Ensure optimal timing of organizational and structural changes through a single point of accountability for project coordination

Our **Employee Engagement** project will lead to:

- Positive attitude: our employees always speak positively of the Company when talking to their potential or existing colleagues or clients
- Loyalty: our employees want to stay with the Company for a long time and seek to be part of it
- Focus on improvement: our employees proactively seek to contribute to the Company’s success

Case study. NLMK Group’s HR policy for the next two years was approved in 2015. The policy is in line with the goals set out in the Group’s Strategy 2017 and adapted to changing economic conditions. Its key aim is to build an effective talent management system, as employees’ individual performance and ability to meet challenges determine the Company’s success or failure.
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.

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

We are striving to make NLMK Group the preferred employer in the markets where we operate, offering the best career opportunities and ensuring that all NLMK Group employees are properly qualified, motivated and loyal, as our leadership depends on what each of us contributes to the common cause.

HR POLICY KPI

Each year NLMK Group sets ambitious personnel and labour productivity targets, measuring KPIs both at the Group and individual company level.

Almost all the targets set for 2015 at both levels were met. Below are some typical examples of KPIs.

<table>
<thead>
<tr>
<th>Level</th>
<th>Targets for 2015</th>
<th>Unit</th>
<th>Target performance 2015</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLMK Group</td>
<td>Labour productivity growth</td>
<td>%</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Novolipetsk</td>
<td>Attrition rate</td>
<td>%</td>
<td>6.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Stoiensky</td>
<td>Requests for professional training granted</td>
<td>people</td>
<td>1,395</td>
<td>2,177</td>
</tr>
<tr>
<td>Scrap collection and processing division</td>
<td>Development and introduction of Regulations on Young Employees</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Altai-Koks</td>
<td>Senior management talent pool: competence profiles for all candidates at Altai-Koks approved</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

After the new HR strategy was adopted, we added some employee advancement KPIs.

<table>
<thead>
<tr>
<th>KPI</th>
<th>Unit</th>
<th>Target for 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of appointments from within the talent pool</td>
<td>%</td>
<td>75</td>
</tr>
<tr>
<td>Share of key positions to be filled with candidates from within the talent pool</td>
<td>%</td>
<td>50</td>
</tr>
</tbody>
</table>
OUR EMPLOYEES

Average NLMK Group headcount during 2015 was 56,700 people (-6% year-on-year), of which 53,200 people were employed at Russian sites; 2,400 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 50% of NLMK Group personnel are directly involved in the mining and steel production process; whilst 25% are involved in repair and maintenance; 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.

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.

STRUCTURE AND FUNCTIONALITY OPTIMIZATION

In 2015, NLMK Group continued implementing a programme aimed at improving efficiency and identifying cost saving opportunities. We launched a set of
initiatives, including a successful pilot project to outsource Novolipetsk’s steelmaking equipment maintenance and repairs to SMS Siemag Services. Some of the service functions, including catering and cleaning services were also outsourced.

Large-scale outsourcing enabled NLMK Group to improve service quality, bring down costs and cut personnel by moving support staff to external providers.

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 achieve more. NLMK Group uses financial motivation, social motivation and psychological motivation.

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 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 2015.

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 8% yoy in 2015, reaching 47,400 rubles at the Russian plants.

To attract and retain people, improve job satisfaction and generate internal motivation, we 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; free rides to work and back for employees from other cities; and management talent pool opportunities for successful and talented employees.

3,000 Novolipetsk employees received awards in 2015, including:

- 2,877 corporate awards
- 51 regional and city awards
- 55 industry awards
- 2 state awards
Contests and competitions are important elements of the incentive system. They help increase employee commitment to professional development and provide ample career growth opportunities. Novolipetsk alone held 37 skills competitions with over 2,000 participants in 2015.

Case study: The Young Leader contest held by Altai-Koks had 32 participants in 2015 and included corporate training that covered management and leadership skills, as well as a special module titled ‘Mini Project Management.’ More than 5,000 young employees participated in similar contests across NLMK Group companies in 2015.

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 kick-off 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.

Case study: Winners of the Housing for Young Steelworkers 2015 programme who work at Novolipetsk received keys to their new apartments in a ceremony that took place in July 2015. The programme is an annual not-for-profit social project targeted at top-performing employees aged below 35. The 32 young families will all live in the same section of a new apartment block in Lipetsk’s 28th district. Four hundred and one young families of our employees have already been provided with housing since the start of the programme in 2005.

HEALTH AND WELFARE

The health and welfare of NLMK employees is a priority focus of the company’s social activities. The health and welfare of its employees is a priority for NLMK Group, which 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. NLMK allocated 100 million rubles ($2 million) in 2015 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. Employees have the opportunity to use gyms located at NLMK facilities, to get discounts on memberships to swimming pools and fitness centres.

Case study: More than 3,500 employees participate in the ‘NLMK Olympics’ each year. The Olympics are held throughout the year in 19 different sports. The event also offers an opportunity to take GTO physical fitness tests.
The Company organizes regular sports and cultural events.

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, as well as camps located on the coast of the Black Sea.

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. In line with its Strategy 2017, NLMK Group continues to improve its professional development procedures.

Professional training at NLMK Group is a complex project that 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 – promising employees, performance reviews of managers and line personnel, mandatory knowledge tests for workers (knowledge checks), induction, coaching, leadership initiatives and skills competitions.

The year of 2015 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 places a great emphasis on working with promising young employees. Also, we have an induction programme that aims at supporting newcomers through the onboarding process and preparing them for their new role: they should be able to perform their tasks and meet deadlines, have a good understanding of their duties, be committed to them, and feel personally responsible for their work.

Case study. The year of 2015 saw the start of the fourth stage of ‘NLMK Group Leaders 2025’, a strategic talent pool development programme that provides high-quality training to the most promising employees. The training is delivered by world-renowned teachers and executives from global companies. The programme opens up new career and personal development horizons, motivating employees to reach what seemed to be unattainable. More than 50% of participants have been promoted – including to function directors – since the start of the programme.

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment into professional development and training ($ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4.8</td>
</tr>
<tr>
<td>2012</td>
<td>5.5</td>
</tr>
<tr>
<td>2013</td>
<td>5.5</td>
</tr>
<tr>
<td>2014</td>
<td>4.4</td>
</tr>
<tr>
<td>2015</td>
<td>3.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent pool training</td>
<td>50%</td>
</tr>
<tr>
<td>Mandatory occupational health and safety certification, special-purpose courses</td>
<td>24%</td>
</tr>
<tr>
<td>Professional training and skill enhancement</td>
<td>13%</td>
</tr>
<tr>
<td>New placement trainings</td>
<td>6%</td>
</tr>
<tr>
<td>IT Training</td>
<td>3%</td>
</tr>
<tr>
<td>Targeted financing of education in colleges/universities</td>
<td>1%</td>
</tr>
<tr>
<td>Participation in conferences</td>
<td>1%</td>
</tr>
<tr>
<td>Advanced training workshops</td>
<td>1%</td>
</tr>
</tbody>
</table>
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

OHS is the cornerstone of efficient production

GOALS
- Efficient accident — and incident-free operations;
- Achieving global leadership in occupational health and safety.

PRINCIPLES
- 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
- 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
- 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
- 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.

KEY OHS INITIATIVES IN 2015

NLMK Group’s Russian plants carried out a routine assessment of working conditions and used their findings to plan improvements and to reduce the adverse effects of working in industrial settings.

They also made an earlier planned transition to new corporate protective clothing designs and state-of-the-art high-efficiency personal protective equipment.

Senior executives of Russian and international NLMK Group companies completed training in an NLMK programme aimed at building a safety culture. The Group continued implementing its ‘Risk Management’ and ‘In Search of Safety’ programmes.

OHS COSTS

NLMK annually finances events aimed at the continuous improvement of OHS and working conditions. The Group spent a total of 1.5 billion rubles ($25 million) on OHS initiatives in 2015. Its OHS spending has thus more than doubled since 2010, when measured in US dollars – and increased fourfold when expressed in rubles.

Breakdown of Occupational Health and Safety Costs

- Personal protection equipment: 42%
- Improvement of working conditions: 21%
- Healthy meals: 2%
- Occupational safety: 18%
- OHS trainings: 5%
- Other: 12%

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 OCCUPATIONAL INJURY STATISTICS

NLMK Group achieved a significant reduction in occupational injury rates in 2015, as compared with 2014 levels:

- The total number of lost time injuries dropped 44 points, or 29% across all NLMK Group plants
- The number of work days lost due to work-related accidents fell by 34%
- Lost time injury frequency rate (LTIFR per 1,000,000 hours worked) among employees was down:
  - by 27% for NLMK Group;
  - by 22% for NLMK’s Russian assets;
  - by 28% for NLMK’s international assets.

Lost time injury severity rate (LTISR per 1,000,000 hours worked) among employees was down:

- by 33% for NLMK Group;
- by 26% for NLMK’s Russian assets;
- by 37% for NLMK’s international assets.

Ten NLMK Group companies had no lost time injuries at all in 2015.

Unlike 2014, when there was not a single work-related fatality, we were regrettably not able to avoid them in 2015. However, their number was smaller than in 2011, 2012 or 2013: four fatalities in Russia and one abroad.

TARGET OHS KPI

The efficiency of our OHS efforts is measured with the help of KPIs. Here is an overview of some of our OHS targets for 2015:

<table>
<thead>
<tr>
<th>Key corporate social responsibility aspects</th>
<th>Targets for 2015</th>
<th>Performance in 2015</th>
<th>Progress</th>
<th>Targets for 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational health and safety</td>
<td>Ensuring that the lost time injury frequency rate (LTIFR) at NLMK Group’s Russian companies remains unchanged from 2014</td>
<td>Lost time injury frequency rate (LTIFR) dropped 22% from 2014</td>
<td>Target exceeded by 22%</td>
<td>Keeping lost time injury frequency rate (LTIFR) at NLMK Group’s Russian companies below or equal to 0.60</td>
</tr>
<tr>
<td></td>
<td>Reducing lost time injury frequency rate (LTIFR) at NLMK Group’s international companies by 10% from 2014</td>
<td>The lost time injury frequency rate (LTIFR) at NLMK Group’s international companies decreased by 28% from 2014</td>
<td>Target exceeded by 18%</td>
<td>Reducing lost time injury frequency rate (LTIFR) at NLMK Group’s international companies by 10% from 2015</td>
</tr>
<tr>
<td></td>
<td>Eliminating or reducing no less than 50% of identified unacceptable risks</td>
<td>72% of identified unacceptable risks eliminated or reduced</td>
<td>Target exceeded by 22%</td>
<td>Eliminating or reducing no less than 50% of unacceptable risks identified in 2016 that were also revealed in 2015</td>
</tr>
<tr>
<td></td>
<td>Ensure that no less than 20% of employees (10,000) are involved in the ‘In Search of Safety’ programme</td>
<td>20,433 employees became involved in the programme</td>
<td>Target exceeded by 104%</td>
<td>Ensure that no less than 20% of employees (10,000) are involved in the ‘In Search of Safety’ programme</td>
</tr>
</tbody>
</table>
ENVIROMENTAL SAFETY

NLMK Group’s environmental efforts are focused on preventing – or where not possible, then minimizing – its negative environmental impacts, providing safe working conditions and creating a good living environment in the regions where it operates.

COMPREHENSIVE APPROACH TO ENVIRONMENTAL PROTECTION

NLMK undertakes to meet regulatory requirements and set higher environmental standards for its companies, bringing them in line with best environmental practices from around the world. This approach is part of our Strategy 2017, which aims at reducing the Company’s emission rates and achieving best-in-class environmental performance.

Approved in 2015, NLMK Group’s Environmental Policy describes the Company’s environmental principles, targets, actions and commitments.

NLMK Group consistently adopts the best environmental safety management practices from around the world. Seven of our key plants have achieved international certification, and two more companies – NLMK Kaluga and Altai-Koks – plan to do so in 2016.

ENVIRONMENTAL INVESTMENT

A reduced negative impact on the environment is the result of NLMK Group’s capex programme alongside planned environmental and technological initiatives outside of the investment process.

NLMK Group’s investment into projects to ensure a reduced environmental impact and the cost of environmental initiatives in 2015 totaled 6.5 billion rubles ($107 million).

23.1 billion rubles (over $600 million) was spent in total on environmental activities between 2011 and 2015.

Examples of environmental initiatives implemented in 2015

NLMK Group ran a number of major environmental initiatives at different stages of completion in 2015. All of them were aimed at reducing the Company’s environmental impact.

KEY ENVIRONMENTAL TARGETS

<table>
<thead>
<tr>
<th>Targets for 2015</th>
<th>Performance in 2015</th>
<th>Progress (analysis)</th>
<th>Targets for 2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce emission rate by 0.2 kg per tonne of steel compared with 2014 levels</td>
<td>Emission rate reduced by 0.2 kg per tonne of steel compared with 2014 levels</td>
<td>Target achieved</td>
<td>Reduce emission rate by 0.1 kg per tonne of steel compared with 2015 levels</td>
</tr>
<tr>
<td>Reduce water consumption by 0.4 cbm per tonne of steel compared with 2014 levels</td>
<td>Water consumption reduced by 0.5 cbm per tonne of steel compared with 2014 levels</td>
<td>Target exceeded by 0.1 cbm per tonne of steel</td>
<td>Reduce water consumption by 0.1 cbm per tonne of steel compared with 2015 levels</td>
</tr>
<tr>
<td>Increase NLMK Group’s overall recycling rate by 15% of the 2011 levels</td>
<td>Recycling rate increased by 17% of the 2011 levels</td>
<td>Target exceeded by 2%</td>
<td>Increase recycling rate to 15%</td>
</tr>
</tbody>
</table>

* with steel production remaining at the same level in 2016.

NLMK’s environmental investments ($ m)

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>153</td>
<td>77</td>
<td>134</td>
<td>141</td>
<td>107</td>
</tr>
</tbody>
</table>

For instance, an environmentally friendly waterless BG slag cooling technology was successfully implemented at the Lipetsk site, resulting in an 8-fold reduction in hydrogen sulphide content of emissions produced during this process.

The refractory shop completed the upgrading of dust collectors for rotary furnaces, which helped reduce dust emissions by about 200 tonnes a year.

Other NLMK Group companies also implemented major environmental initiatives, including:

- Equipment repairs and upgrades at Altai-Koks’ coke batteries
- A new dust suppression system at Stoilensky’s tailings pond (first stage)
- Filtering equipment upgrades for improved off-gas treatment at NLMK Kaluga’s EAF
REDUCTION OF ENVIRONMENTAL FOOTPRINT

NLMK’s systematic and consistent approach to environmental protection, alongside the high priority it gives to environmental initiatives guarantees continuous improvement of its environmental performance.

Air

In 2015, NLMK Group reduced its emission rate, the key environmental performance indicator – which is now very close to the best available technology levels. While the Company’s steel production was at the same level as in the previous years, emission rates dropped to 20.9 kg per tonne of steel, bringing the total decrease over the past five years to 25%.

Novolipetsk produces 81% of NLMK Group’s steel, and accounts for more than 80% of all emissions. This explains the plant’s heavy investment in environmental initiatives at all stages of the production process.

The Group’s mining companies (Stoilensky, Stagdok, and Dolomit) accounted for about 1% of the total emissions.

NLMK Group will continue to reduce its emission rate in 2016; the next target is to cut the rate by another 0.1 kg per tonne of steel.

Water

One of the key indicators which reflects the impact of production on water bodies is the water consumption per tonne of steel.

NLMK Group leads the way in this area, outperforming its global peers. With its unique technologies and efficient production, the Company was able to reduce water consumption to 4.9 cbm per tonne of steel in 2015 – compared to the best available technologies level at 7.0 cbm per tonne for integrated world producers.

This great care for one of the most important natural resources was made possible thanks to a closed loop water system introduced by Novolipetsk, Stoilensky, Altai-Koks, VIZ-Steel and NLMK Kaluga. The system enabled these facilities to stop polluting discharges into water bodies entirely.

NLMK Group will continue taking steps to reduce its water consumption in 2016; the next target is to cut it by another 0.1 cbm per tonne of steel.

Waste management

NLMK Group produced 63 million tonnes of waste in 2015 (just like the year before); 92% of this was attributed to Stoilensky.

Novolipetsk accounted for 7% of the waste produced in 2015. It is worth saying that the Group’s main production site was able to reduce its waste by 11% yoy thanks to a number of resource-saving initiatives.

While the other NLMK Group plants accounted for only about 1% of waste, they were also involved in the programme aimed at making more use of recycled materials.

The recycling rate at NLMK Group’s steelmaking companies in Russia exceeded 90% in 2015. Novolipetsk increased its recycling rate by 2 p.p., to 96%, and a number of NLMK Group companies managed to make use of accumulated waste. With a recycling rate of 110% and 102%, respectively, NSMMZ and Dolomit were among the most environmentally responsible NLMK Group companies.

As part of Strategy 2017, Novolipetsk plans to build a briquetting plant that will recycle accumulated ferrous waste into material used in pig iron manufacturing. With a capacity of 700,000 t briquettes, the new facility will make its contribution to improving the Company’s recycling rate. It is slated for launch in 2018.

PUBLIC APPRAISAL OF NLMK GROUP’S ENVIRONMENTAL ACTIVITIES

In 2015, NLMK Group received a silver medal at Metal-Expo’2015 international industry awards for the successful implementation of its environmentally friendly waterless BG slag cooling technology at the Lipetsk site that resulted in an 8-fold reduction in emission of hydrogen sulfide.

With the same innovation NLMK Group topped the Urban Ecology nomination in the Vernadsky National Environmental Competition.
ENERGY EFFICIENCY

NLMK Group continued its efforts to increase operational and energy efficiency in 2015; the initiatives generated a total impact of 1.3 billion rubles ($21 million).

These were achieved by a reduction in natural gas costs by over 270 million rubles through purchases at an organized trading venue, long-term gas supply contracts with NOVATEK that would meet 100% of the Russian companies’ natural gas needs in 2016–2020, and improved utilization of process equipment to avoid downtime, etc.

The improvements helped NLMK Group’s Russian companies achieve a 3% yoy decrease in energy consumption in 2015 despite the fact that production remained at the same level as it was in the previous years.

Key energy efficiency investment projects in 2015 included the launch of a 20 MW top-pressure recovery turbine (TRT) for Blast Furnace No. 7 at the Lipetsk site and air separation unit No. 17. Among other benefits, these projects increased Novolipetsk’s self-sufficiency in energy from 54% to 57%. Almost 77% of all in-house energy was generated through the recovery of by-product BF and coke gases.

Initiatives to boost energy efficiency resulted in a 1% year-on-year improvement in the energy intensity of the Lipetsk site during 2015, to reach 5.66 Gcal per tonne of steel.

NLMK Group’s target energy efficiency level is equal to the level of best available technologies (BAT). To achieve this target, we plan to implement a series of low-cost initiatives within the optimization programme, as well as local energy savings programmes at production sites and Strategy 2017 investment projects each year.

NLMK Group’s energy management efficiency during 2015 was endorsed by international specialists. Representatives of the British Standards Institute (BSI) confirmed the compliance of the energy management system at Altai-Koks, Stoilensky, VIZ-Steel, NSMMZ, NLMK Metalware, and Novolipetsk with the requirements of the ISO 50001 international standard. Stagdok, Dolomit and NLMK Kaluga also successfully passed their energy management efficiency audits in 2015. Currently, all of the main NLMK Group Russian facilities have valid certificates of compliance with the requirements of the ISO 50001 international standard. This is the result of the Company’s consistent approach to the generation, consumption and use of energy for the production of goods.

Specific energy intensity of steel production (Gcal/t)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>6.1</td>
<td>5.74</td>
<td>5.67</td>
<td>5.72</td>
<td>5.66</td>
</tr>
</tbody>
</table>

In 2015 NLMK Group signed long-term agreements with NOVATEK for the supply of natural gas to all of NLMK Group’s Russian production facilities. The contracts have been signed for a term of 5 years and will come into effect on January 1st, 2016. The agreements provide for the supply of an annual volume of 2.8 billion cubic meters of natural gas to NLMK Group’s production facilities. This will cover 100% of NLMK Group’s natural gas needs that were previously met by other companies.
Sergey Chebatarev, NLMK Group Vice President for Energy, said: “In order to reach the level of best available technologies, in 2015 NLMK Group implemented a set of investment projects and a significant number of cost-efficient optimization initiatives. Key projects in the pipeline include the construction of a TRT for blast furnace No. 6, improved reliability of the energy supply to BOF shops, replacement of turbine-driven generator No. 5, completion of upgrades to bell-type furnaces at Novolipetsk rolling operations, and establishing the energy supply for the Stoilensky pelletizing plant currently under construction.”
Community Development

Social Responsibility Mission and Strategic Objectives

Social mission

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 its operation.

Social responsibility and sustainability: NLMK’s strategic goals

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

- Ensure sustainable improvements in welfare and social safety for Company employees and safe workplace environments.

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

<table>
<thead>
<tr>
<th>Key aspects of corporate responsibility</th>
<th>2015 objectives</th>
<th>2015 results</th>
<th>Achievement of set objectives: analysis</th>
<th>2016 objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement with local communities</td>
<td>To implement initiatives that promote the sustainable development of the regions where the company operates and maintain social and economic stability in local communities.</td>
<td>Investment in social needs and the development of the regions where the company operates totaled 3.3 billion rubles ($54 million) in 2015, whilst over 400 million rubles ($7 million) was allocated to charity. NLMK was ranked one of the top five socially responsible companies in a study by the Agency of Political and Economic Communications</td>
<td>2015 objective achieved</td>
<td>To continue implementing measures to promote the sustainable development of the regions where the Company operates</td>
</tr>
<tr>
<td>Development of regions where NLMK operates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 totaled 3.3 billion rubles ($54 million) in 2015.
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 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 ‘Novolipetsk’ health and welfare centre for Novolipetsk employees and the members of their families, as well as all other Lipetsk dwellers, to practice sports.

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.

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.

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

NLMK cooperates with over 30 colleges and universities. Around 4,000 technical college students take internships at NLMK Group companies each year. NLMK runs special scholarship programmes for higher professional education students in order to provide additional social support to gifted students.

NLMK’s career guidance programme involves school students, 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 2015.

NLMK provides comprehensive support for its partner colleges and universities, which started introducing a dual education system on the Company’s initiative in 2015. The programme combines education at the college or university with apprenticeships in the Company.

Other NLMK Group companies also have many youth programmes. For example, Altai-Koks has partnered with three local schools, and more than 200 school students took part in career guidance events.

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.

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 Novolipetsk, 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
NLMK employees created the www.Pobeda48.ru internet portal, a regularly updated website that has a database of NLMK and Lipetsk Region veterans who 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.

NLMK allocated over 400 million rubles ($7 million) to charity programmes in 2015.

Region helps promote sports and protect cultural heritage; also supporting veterans and pensioners.

NLMK held a series of events to celebrate the 70th anniversary of the end of World War II. Celebrations, meetings and concerts were organized to honour the veterans and home-front workers. All our veterans received medals, letters of appreciation and gifts from employees of NLMK Group companies.

NLMK allocated over 400 million rubles ($7 million) to charity programmes in 2015.
COMMUNICATIONS

TRANSPARENCY AND REPUTATION MANAGEMENT

NLMK Group follows best global practice in interacting with stakeholders: employees, local communities, shareholders, investors, customers, business partners, media, government authorities and non-profit organizations. Constructive dialogue is facilitated by transparency, which has been traditionally maintained across the Group. We use all available communication channels to keep the public informed promptly and in detail: websites of NLMK Group and its companies, press releases, comments in mass media, press tours, press conferences, posts on social networks and multimedia websites, our corporate newspapers, portal and magazines, and employee feedback channels.

NLMK Group strives to provide the public with more information than it is required by disclosure laws, because we are convinced that openness and transparency strengthen our reputation as a socially responsible, efficient and sustainable multinational company.

EFFECTIVE EXTERNAL COMMUNICATIONS

NLMK Group made more extensive use of communication channels targeted at external audience in 2015, publishing about 600 press releases dedicated to its investment, production, financial, social, environmental and other activities. The management of NLMK Group and its companies continued its open communication with journalists and the professional community through press conferences, interviews and participation in industry-related and economic conferences and exhibitions.

Seeking to improve the quality of information about the Company and facilitate the process of obtaining and analyzing this data, NLMK Group updated its official website (www.nlmk.com), adding new and advanced functionality, and a wide range of information about its activities.

We have had a lot of positive feedback from our customers and partners about our new product catalogues and our first global online website dedicated to NLMK products (products.nlmk.com).

VOICE OF EMPLOYEES

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

- Extensive feedback network
- Corporate-wide intranet
- Corporate newspapers issued by NLMK Group’s Russian companies
- NLMK Group corporate magazine available in Russian and English
- Newsletters at NLMK Europe companies
- NLMK-TV with stories streamed on the intranet

In 2015, NLMK Group’s corporate mass media published over 1,700 items that helped employees promptly get latest information on the industry and company-related events, operational and social programmes, and development and career growth opportunities.

An important corporate communications trend seen in 2015 was the growing share of news items based on employees’ feedback received through telephone hotlines, complaint boxes, and emails to newspapers and the magazine, as well as through new channels such as text messages and a special service on NLMK Group’s corporate portal. The new feedback channels expanded employees’ opportunities for contacting management on urgent issues and doing it anonymously. The Company will continue to develop its feedback channels, which play an important role in improving employee motivation and loyalty.

RECOGNITION

NLMK Group’s corporate media has always been highly rated on top-lists and by media awards.

NLMK Group corporate intranet:
- A project to develop NLMK corporate portal’s media centre by a PR specialist won Young People in Media Landscape and was granted 100,000 rubles at an international corporate youth project awards.
- NLMK’s project titled ‘Corporate portal: platform for development of internal communications’ was ranked among the top three in the Best Internal Communications and Corporate Media Project category at the 19th Silver Archer national public relations awards.

NLMK Group magazine:
- Named Best Corporate Media of the Year 2015.
- Recognized as best corporate media at Metal-Expo 2015.
- Topped the list of the best corporate magazines issued by industrial companies, which was compiled by Production Management magazine in 2015.
- Topped the Well-Written Media list in 2015.

**The Big Ore newspaper (Stoilensky):**
- Named Best Publication of an Ore Mining Company at Metal-Expo’2015.

**NLMK-TV:**
- Won Best Directing and Editing, and Best Host at Silver Threads Awards in 2015.
- Named Best Digital Corporate Media at Metal-Expo’2015.

**NLMK Group’s corporate videos:**
- NLMK Group’s Made of Steel video awarded the Grand Prix at the Moscow International Festival of Corporate Videos in 2015.
- NLMK Group’s Special Steel video won Best Corporate Video. Corporate Image and Best Infographics at Silver Threads Awards in 2015.
- NLMK Group’s Special Steel video won Best Audio Engineering at Metal-Vision’2015.
- Steel Symphony, a New Year video, won Best Cameraman and Best Musical Score at Best Corporate Video 2016 Awards.

**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.

NLMK shares are traded on the Moscow Exchange, while its global depositary shares are listed on the London Stock Exchange. Furthermore, NLMK’s debt
securities – bonds denominated in both rubles and Eurobonds – are traded in the Russian and foreign markets.

NLMK Group uses numerous effective tools for communicating with investors and analysts. Such tools range from regular disclosure of the Company’s performance data to meetings with partners and potential investors.

**Capital Markets Day 2015**

On 30 March 2015, London hosted Capital Markets Day 2015 where NLMK Group’s key managers spoke about the Company’s progress toward achieving its Strategy 2017 targets. The event was attended by Independent Director Helmut Wieser, who spoke about the efficiency of NLMK’s corporate governance. The meeting also featured a presentation of NLMK’s updated dividend policy – which was later approved by the Group’s Board of Directors. http://nlmk.com/en/investor-relations/cmd/

**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.

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. Before the third quarter of 2015, NLMK had reported under US GAAP.


**Visits to production sites**

For those who wish to get 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.

NLMK Group offered tours of its key production sites in 2015 as well. The Group holds between three and six visits to its production sites annually.

For the schedule of upcoming tours, please contact our Investor Relations team (st@nlmk.com).

**Industry-related and analytical events**

In 2015, the Company’s key managers attended a number of industry conferences held in Russia, the UK, the USA and continental Europe. These events featured over 370 group and face-to-face meetings with investors where a wide range of issues were discussed – including industry trends, implementation of the strategy and NLMK’s achievements.

**Recognition**

The Company’s efforts to disclose as much information on its activities and prospects as possible are highly appraised by the market.

Exel Survey ranked NLMK among the top ten European companies (in the metals and mining sector) for investor relations in 2015. Additionally, NLMK won IR magazine Russia & CIS Awards as one of the best Russian mid-cap companies for investor relations.