

Information concerning NLMK's tailings dam management

19 February 2020

At NLMK, we aim to manage tailings and hydraulic structures in an environmentally and socially responsible way. We have a dedicated department that is responsible for the safety of the dam and its hydro-technical structures.

We have an open pit mine for the extraction of iron ore and upstream-type dams for tailings at Stoilensky, NLMK's iron ore extraction and processing plant. We have had no environmental accidents involving tailings storage facilities (TSF) since the Company's only TSF was put into operation in 1984.

There are numerous internal and independent checks in place to ensure the safety of the dam:

- The water level at the tailings dam is checked at least twice a day.
- Visual inspections are performed at least once a day.
- The quality of tailings is checked at least once every quarter.
- The water filtration systems at the tailings dam are checked at least once a month.
- Rostekhnadzor, Russia's Federal Environmental, Industrial and Nuclear Supervision Service, conducts weekly audits of the tailings facility safety.
- Compliance with environmental legislation is assessed twice a month.
- Geological checks are carried out annually.
- Annual audits are performed with the participation of specialized government bodies to assess the level of dam safety.

In September 2018, our dam was inspected (audited) by several specialized government authorities, including the Russian Ministry of Emergency Situations (EMERCOM), Federal Environmental, Industrial, and Nuclear Supervision Service, and other specialized organizations. They assessed the level of dam safety as "normal", which is the highest "grade" as per their scale.

A local warning system is in place and is checked on a monthly basis by internal teams and representatives from Rostekhnadzor. The emergency plan is revised every year, and employees undergo trainings at least once a month. In April 2019, we conducted a safety drill with the participation with the EMERCOM of Russia. There is no need for seismic checks due to the absence of seismic activity in the area, as confirmed by a specialized government committee.

Local communities are aware of the existence of the tailings dam and are consulted on relevant development projects on a regular basis via public meetings.

In July 2019, we hosted the worldsteel safety working group meeting at Stary Oskol, where our TSF is located, in order to share best practices in tailings dam management.

Information on tailings facilities

Stoilensky TSF

1. "Tailings Dam" Name/identifier	JSC Stoilensky TSF system. Hydraulic structure's identification in the Russian Register of Hydraulic Structures 205140000584200. Dams - 5, wing dikes – 3
2. Location	N 51012/48// E 37049/20//
3. Ownership	Owned and operated
4. Status	Active
5. Date of initial operation	1984
6. Is the Dam currently operated or closed as per currently approved design?	Operated
7. Raising method	Upstream
8. Current Maximum Height	67.8 m
9. Current Tailings Storage Impoundment Volume	287.1 m m3
10. Planned Tailings Storage Impoundment Volume in 5 years time.	358.3 m m3
11. Most recent Independent Expert Review	In September 2018, the dam was inspected (audited) by several specialized government authorities, including the Russian Ministry of Emergency Situations (EMERCOM), Federal Environmental, Industrial, and Nuclear Supervision Service, and other specialized organizations. They assessed the level of dam safety as "normal", which is the highest "grade" as per their scale.
12. Do you have full and complete relevant engineering records including design, construction, operation, maintenance and/or closure.	Yes
13. What is your hazard categorisation of this facility, based on consequence of failure?	Class I - extremely highly hazardous hydraulic structures
14. What guideline do you follow for the classification system?	Russian State Regulation No 986 of 2.11.2013 "On Hydraulic Structure Classification"
15. Has this facility, at any point in its history, failed to be confirmed or certified as stable, or experienced notable stability concerns, as identified by an independent engineer (even if later certified as stable by the same or a different firm).	No, the facility has never failed to be confirmed or certified as stable or experience notable stability concerns. Stability calculations are performed annually by a designer organization based on the geological engineering survey data.
16. Do you have internal/in house engineering specialist oversight of this facility? Or do you have external engineering support for this purpose?	Yes, internal. The Head of TSF Shop Production and Technical Department (a hydraulic engineer) is responsible for overseeing the safety of JSC Stoilensky's hydraulic structures. Dam movement and geoecological monitoring are performed by external engineering organizations.

17. Has a formal analysis of the downstream impact on communities, ecosystems and critical infrastructure in the event of catastrophic failure been undertaken and to reflect final conditions? If so, when did this assessment take place?

Yes. A formal analysis of the downstream impact on the life and health of individuals and on the property of individuals and legal entities of the Belgorod region in the event of catastrophic failure of the JSC Stoilensky's tailings dam hydrotechnical facilities system was undertaken in February 2019.

18. Is there a) a closure plan in place for this dam, and b) does it include long term monitoring?

Yes to both. The design documentation envisages activities on restoration of land and safety monitoring.

19. Have you, or do you plan to assess your tailings facilities against the impact of more regular extreme weather events as a result of climate change, e.g. over the next two years?

No

20. Any other relevant information and supporting documentation.

Please state if you have omitted any other exposure to tailings facilities through any joint ventures you may have.

In 2019 the Russian Federal Environmental, Industrial and Nuclear Supervision Service (Rostekhnadzor) approved the "Safety Declaration of JSC Stoilensky TSF Hydraulic Structures". JSC Stoilensky submits an "Annual Report on the Condition of JSC Stoilensky TSF Hydraulic Structures", conducted on the basis of the safety monitoring data, to Rostekhnadzor. A Rostekhnadzor inspector performs a continuous state oversight of the JSC Stoilensky TSF hydraulic structures' condition (once a week).

This disclosure has been certified by NLMK Group's CEO, Grigory Fedorishin.

Disclaimer

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